







Annual Comprehensive Financial Report

YEAR ENDED JUNE 30, 2025

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, 2025

PREPARED BY THE FINANCE DEPARTMENT

DAVID BRECHT
EXECUTIVE DIRECTOR OF FINANCE AND OPERATIONS

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INTRODUCTORY SECTION

EASTERN CARVER COUNTY SCHOOLS

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

February 6th, 2026
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, 2025 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 2024 graduating class was 93.7% compared to the state average of 84.2%. 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 passed an operating referendum in fall 2025.

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 2024-2025, the district enrolled 9016 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 29.91 and comprise over 2.2 million square feet in size.

Superintendent Dr. Erin Rathke began her tenure in the district in July 2024. 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, 2025, 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 2024-25 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 Waconia Sun Patriot, 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 300 new housing permits in calendar year 2025. 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 experienced a slight increase in enrollment from 2023-24 to 2024-25. 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 2024-25 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 with an annual inflation adjustment. 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. In January 2025, the School Board used this authority and approved the renewal of a $829.19 referenda that was due to expire after taxes payable in 2025.

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 in January 2023 to support the first two years of capital renewal projects contained within the 10-year LTFM plan to address maintenance and renewal needs. In January 2025, the School Board approved the sale of an additional $47 million in general obligation facilities maintenance bonds to support the next two years of capital renewal projects. 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. 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 Easter 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. In 2025, Chaska City Council adopted a resolution to approve a preliminary site and building plan for a Beckman Coulter expansion at 316 Lake Hazeltine Drive. 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 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, the facility lacks room for expansion and is not centrally located. The District completed the purchase of 20 acres 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 Comprehensive Achievement and Civic Readiness 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 staring 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 was again awarded the Certificate of Excellence for the 2023-2024 school year and plans to apply for the award again for the 2024-25 school year.

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,



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, 2025

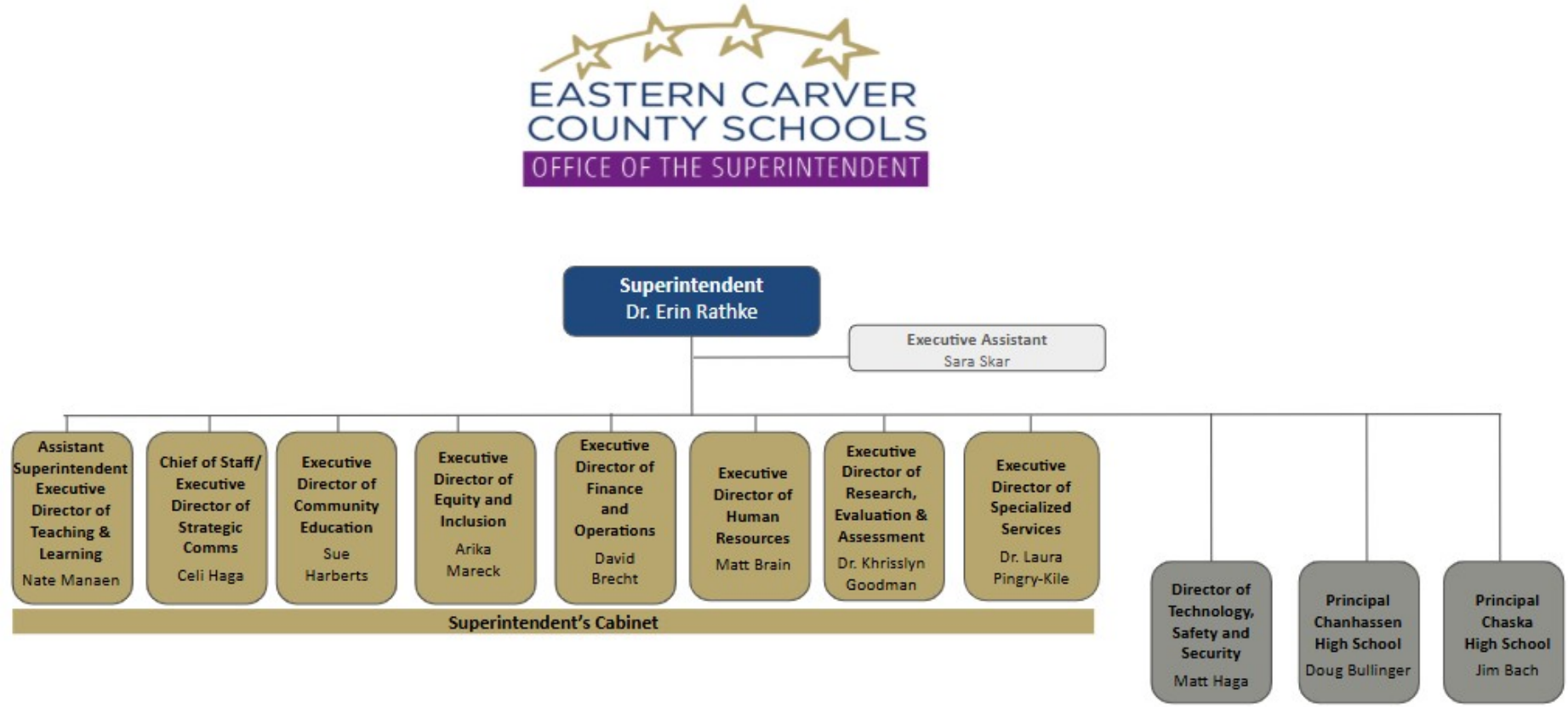
SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Sean Olson	January 1, 2029	Chairperson
Angela Erickson	January 1, 2029	Vice Chairperson/Clerk
Jenny Stone	January 1, 2027	Treasurer
Tim Klein	January 1, 2027	Director
Ellie Krug	January 1, 2027	Director
Rachel Berg Scherer	January 1, 2029	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, 2025



INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
CERTIFICATION OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2025

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Independent School District #112 - Eastern Carver County Schools

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director

FINANCIAL SECTION

CliftonLarsonAllen LLP
CLAconnect.com

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, 2025, 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, 2025, 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.

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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, 2025 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, 2025 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, 2025 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, 2025.

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, 2024**, (not presented herein), and have issued our report thereon dated December 2, 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, 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 related directly to the underlying accounting and other records used to prepare the 2024 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 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, 2024**.

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 2024 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 December 2, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended **June 30, 2024**, 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 February 6th, 2026, 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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 6th, 2026

REQUIRED SUPPLEMENTARY INFORMATION

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, 2025. 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 2024-2025 fiscal year include the following:

- The District's total revenues exceeded expenses by $20,139,417 during the fiscal year ended June 30, 2025, resulting in an ending net position of $104,524,618.
- At June 30, 2025, 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 $87,504,052, an increase of $28,565,269 from the prior year.
- After a number of years of enrollment growth, the District's Average Daily Membership (ADMs) decreased by 1.18% in fiscal year 2022, and by 0.84% in fiscal year 2023, and by 0.76% in fiscal year 2024, and increased by 0.00% (1 ADM) in fiscal year 2025. 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 $16,592,608, a decrease of $1,358,149 from June 30, 2024, or from 12.38% to 10.79% of total expenditures.
- 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 $1,326,617 to $4,221,591 which provides stability to prevent future large increases in health insurance premiums. The District's self-insured dental plan fund balance decreased by $33,417 and ended the fiscal year with a fund balance of $301,231. 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 $157,709.

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*.

- 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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was $104,524,618 on June 30, 2025 (see Table A-1).

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025, resulting in the District's net position to be $104,524,618. The District's total net position was significantly impacted in fiscal 2025 and 2024 by the required actuarial calculation changes included in GASB Statements related to the statewide pension plan. The District had $29,716,822 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
	2025	2024	Change
Current and Other Assets	$ 180,215,600	$ 152,309,394	18.32 %
Capital Assets	284,155,506	257,722,349	10.26
Total Assets	464,371,106	410,031,743	13.25
Deferred Outflows of Resources	21,174,459	25,638,804	(17.41)
Current Liabilities	27,080,859	27,314,655	(0.86)
Net Pension Liability	77,453,460	102,957,655	(24.77)
Long-Term Liabilities	180,848,357	143,365,059	26.15
Total Liabilities	285,382,676	273,637,369	4.29
Deferred Inflows of Resources	95,638,271	77,647,977	23.17
Net Position:			
Net Investment in Capital Assets	135,357,644	121,188,091	11.69
Restricted	29,716,822	21,901,866	35.68
Unrestricted	(60,549,848)	(58,704,756)	3.14
Total Net Position	$ 104,524,618	$ 84,385,201	23.87

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
	2025	2024	Change
Revenues			
Program Revenues			
Charges for Services	$ 10,974,574	$ 10,660,269	2.95 %
Operating Grants and Contributions	39,836,419	35,324,217	12.77
Capital Grants and Contributions	1,057,431	1,314,954	(19.58)
General Revenues			
Property Taxes	61,719,483	60,411,091	2.17
Unrestricted State Aid	79,652,257	77,267,790	3.09
Investment Earnings	3,959,251	3,842,885	3.03
Other	2,711,135	2,932,267	(7.54)
Total Revenues	199,910,550	191,753,473	4.25
Expenses			
Administration	5,278,111	3,970,409	32.94
District Support Services	5,044,877	4,857,579	3.86
Regular Instruction	62,958,157	62,979,118	(0.03)
Vocational Education Instruction	1,255,136	1,209,918	3.74
Special Education Instruction	29,282,852	24,769,811	18.22
Instructional Support Services	12,013,959	10,897,140	10.25
Pupil Support Services	15,865,810	15,297,735	3.71
Sites and Buildings	25,237,460	15,015,081	68.08
Fiscal and Other Fixed Cost Programs	1,294,929	1,096,153	18.13
Food Service	8,052,934	7,853,351	2.54
Community Service	9,768,267	8,301,183	17.67
Interest and Fiscal Charges on Long-Term Liabilities	3,718,641	2,775,156	34.00
Total Expenses	179,771,133	159,022,634	13.05
Change in Net Position	20,139,417	32,730,839	
Beginning Net Position	84,385,201	51,654,362	
Ending Net Position	$ 104,524,618	$ 84,385,201	

Total revenues were $199,910,550 while total expenses were $179,771,133, increasing net position by $20,139,417.

The cost of all *governmental* activities this year was $179,771,133.

- A portion of the cost was paid by the users of the District's programs (Table A-1, Charges for Services, $10,974,574). The majority of this category, $8.9 million, comes from food service meal sales and community education class tuition.
- The federal and state governments subsidized certain programs with grants and contributions (Table A-1, Operating and Capital Grants and Contributions, $39,836,419).
- 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 $61,719,483 in property taxes, $79,652,257 of unrestricted state aid, and with investment earnings and other general revenues.

Figure A-1
Sources of District's Revenues

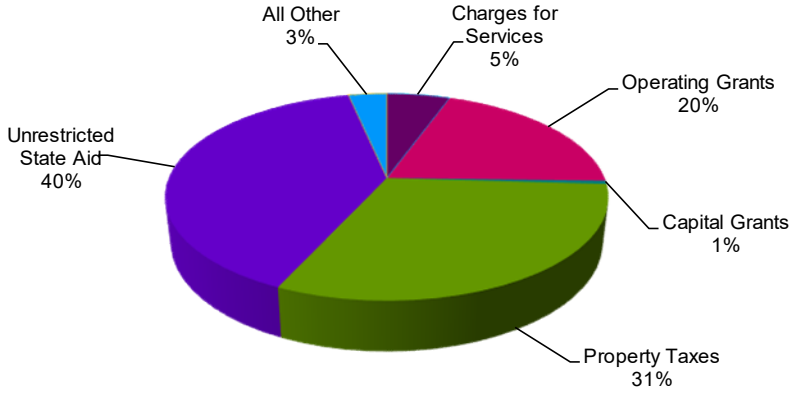
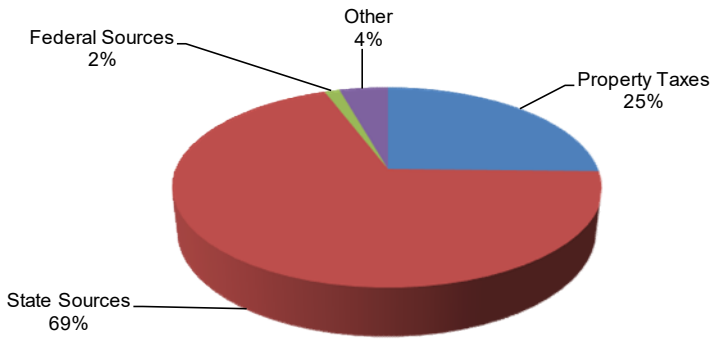


Figure A-2
General Fund Source of Revenue



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	Net Cost of Services		Percentage
	2025	2024	Change	2025	2024	Change
Administration	$ 5,278,111	$ 3,970,409	32.94 %	$ 3,942,559	$ 2,911,146	35.43 %
District Support Services	5,044,877	4,857,579	3.86	4,987,427	4,846,618	2.91
Regular Instruction	62,958,157	62,979,118	(0.03)	59,317,829	60,589,915	(2.10)
Vocational Education Instruction	1,255,136	1,209,918	3.74	1,230,892	1,202,200	2.39
Special Education Instruction	29,282,852	24,769,811	18.22	5,675,406	4,435,612	27.95
Instructional Support Services	12,013,959	10,897,140	10.25	8,925,609	8,210,892	8.70
Pupil Support Services	15,865,810	15,297,735	3.71	15,020,798	14,605,716	2.84
Sites and Buildings	25,237,460	15,015,081	68.08	24,016,289	12,629,183	90.17
Fiscal and Other Fixed Cost Programs	1,294,929	1,096,153	18.13	1,294,929	1,096,153	18.13
Food Service	8,052,934	7,853,351	2.54	(379,935)	(767,049)	(50.47)
Community Service	9,768,267	8,301,183	17.67	152,265	(812,348)	(118.74)
Interest and Fiscal Charges on Long-Term Liabilities	3,718,641	2,775,156	34.00	3,718,641	2,775,156	34.00
Total	$ 179,771,133	$ 159,022,634	13.05	$ 127,902,709	$ 111,723,194	14.48

The cost of all governmental activities this year was $179,771,133, an increase of $20,748,499 from the prior year. Sites and Building costs saw the largest increase of $10,222,379 during the year as a result of activity relating the changes in the TRA net pension liability in fiscal year 2025 and fiscal year 2024. After applying program specific revenue, the net cost of all governmental activities this year was $127,902,709 or an increase of $16,179,515 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 $1,176,765. The Food Service Fund's revenues exceeded its expenditures by $566,070. The Community Service Fund's revenues exceeded its expenditures by $591,410. The Capital Projects-Building Construction Fund's revenues were exceeded by expenditures by $24,971,121. The Debt Service Fund's revenues exceeded its expenditures by 1,259,903. At the end of the 2024-25 fiscal year, the District's governmental funds reported combined fund balances (non-spendable, restricted, committed, assigned, and unassigned) of $87,504,052, a net increase in fund balances of $28,565,269.

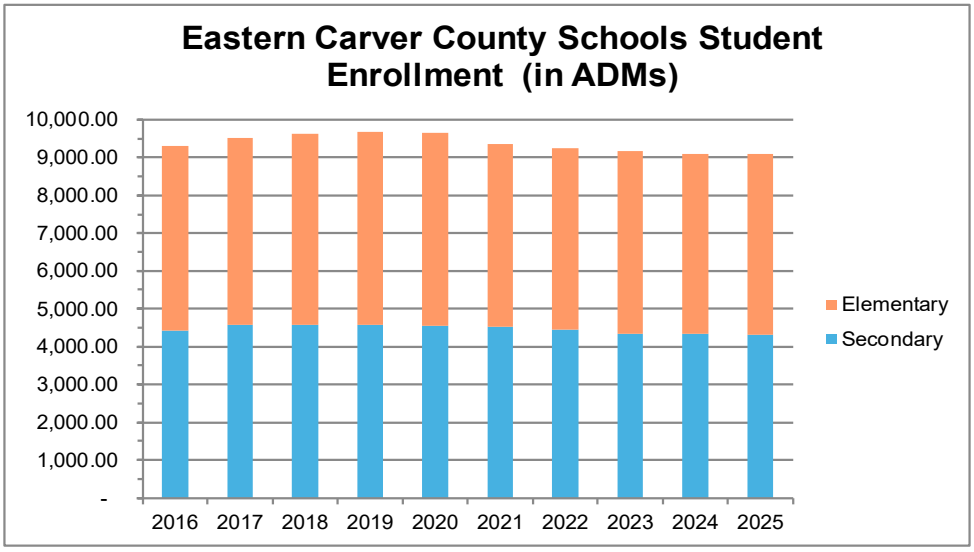
Revenues were $197,159,458 plus other financing sources were $51,011,934 for the District's governmental funds totaling $248,171,392, while expenditures plus other financing uses were $219,606,123. As a result, the District completed the year with a net change in fund balances of 28,565,269.

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 after COVID. District ADM increased by 1 in 2025. The following chart shows the number of students served over the past 10 years.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pre-K & KH	128	161	167	146	149	133	161	153	89	87
Reg K, Pre-K & KH	633	677	670	694	705	627	615	647	651	687
Elementary	4,107	4,101	4,205	4,243	4,245	4,056	4,029	4,023	4,029	4,016
Secondary	4,428	4,573	4,573	4,586	4,551	4,539	4,440	4,344	4,329	4,308
Total Students for Aid	9,296	9,511	9,615	9,670	9,649	9,355	9,244	9,167	9,097	9,098
Percentage Change	-0.33%	2.32%	1.09%	0.57%	-0.22%	-3.04%	-1.18%	-0.84%	-0.76%	0.01%

The following schedule presents a summary of General Fund Revenues.

Table A-5
General Fund Revenues

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	% Change
Local Sources:				
Property Taxes	$ 39,201,610	$ 38,618,570	$ 583,040	1.5 %
Earnings on Investments	1,985,416	2,171,285	(185,869)	(8.6)
Other	4,740,521	4,515,264	225,257	5.0
State Sources	106,647,106	101,281,621	5,365,485	5.3
Federal Sources	2,098,273	3,571,839	(1,473,566)	(41.3)
Total General Fund Revenue	$ 154,672,926	$ 150,158,579	$ 4,514,347	3.0

General Fund revenue increased by $4,514,347 or 3.0% from the previous year. The changes in the major sources of revenue include:

Property Taxes increased by $583,040 or 1.5%.

Earnings on Investments decreased by $185,869 or 8.6%.

State Sources increased by $5,365,485 or 5.3% due to several factors. The largest factor was an increase in special education aid of $3,040,065.

Federal revenue is recorded in the year in which the related expenditure is made. Federal sources decreased by $1,473,566 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 in maintaining services during the pandemic.

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, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Salaries	$ 93,712,681	$ 89,324,178	$ 4,388,503	4.9 %
Employee Benefits	24,796,595	23,006,649	1,789,946	7.8
Purchased Services	15,068,050	15,720,049	(651,999)	(4.1)
Supplies and Materials	5,655,812	5,872,435	(216,623)	(3.7)
Capital Expenditures	12,747,317	9,816,310	2,931,007	29.9
Debt Service	1,029,301	977,022	52,279	5.4
Other Expenditures	698,708	319,808	378,900	118.5
Total General Fund Expenditures	$ 153,708,464	$ 145,036,451	$ 8,672,013	6.0

Total General Fund expenditures increased $8,672,013 or 6.0% from the previous year. The changes in the major expenditure categories include:

The salaries increase of $4,388,503 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 $1,789,946 or 7.8%. 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 $2,931,007 or 29.9%. The increase is primarily due to an increase in Long-Term Facilities Maintenance (LTFM) projects over multiple buildings.

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 2023-24.
- Increase in appropriations for significant unbudgeted costs.

While the District anticipated that the net change in fund balance would be a decrease of $7,765,451, total fund balance increased $1,176,765. Revenue was above budget by $4,085,572 or 2.71%. State sources exceeded budget by $2,402,755. The District continues to practice conservative budgeting for these items as they can fluctuate dramatically from year to year. Overall expenditures were $4,792,341 below budget or 3.02%. The unassigned portion of the fund balance in the General Fund is 10.79% of expenditures which is within the Board policy guideline.

Food Service Fund

The Food Service Fund revenue for 2024-25 totaled $8,619,004 and expenditures were $8,052,934. The June 30, 2025 fund balance is $6,266,042, an increase of $566,070 from fiscal year 2024. This was an increase compared to an anticipated decrease of $324,165 for the final budget. Federal revenue decreased from $$8,843,312 in fiscal year 2024 to $8,619,004 in fiscal year 2025. Other revenue (primarily meal sales) decreased from $1,445,171 in fiscal year 2024 to $1,180,688 in fiscal year 2025 while state sources increased from $4,396,195 in fiscal year 2024 to $4,755,259 in fiscal year 2025 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 2024-25 totaled $10,845,625 and expenditures were $10,254,215. Total fund balance increased by $591,410 which exceeded the budgeted increase in fund balance of $300,465 by $290,945. The ending fund balance for the Community Service Fund was $3,903,778. Actual revenues were 4.01% or $418,480 over budget and expenditures were 1.26% or $127,535 over budget.

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 2024-25 totaled $2,500,000 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 building security upgrades and improvements as well as technology infrastructure and support. Expenditures were $2,128,686 in 2024-25. This levy was renewed in the fall of 2019 for ten years. The remaining balance in the Capital Projects fund balance was $694,795.

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. For 2024-25 fiscal year, the District recognized the sale of $47,005,000 in bonds to continue work identified in the 10-year facility maintenance plan.

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 2024-25 totaled $19,701,235. Expenditures were $18,441,332 for principal and interest payments. The total Debt Service Fund balance is $5,238,519, an increase of $1,259,903 from fiscal year 2024. Revenue and expenditures were within 0.55% and 0.02% of budget, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of June 30, 2025, the District has invested $448,425,411 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 $11,041,639.

Table A-7
Capital Assets

	2025	2024	Percentage Change
Land	$ 22,426,466	$ 19,318,976	16.1 %
Construction in Progress	59,617,878	37,380,376	59.5
Land Improvements	10,047,115	10,038,125	0.1
Buildings and Improvements	316,875,699	310,548,781	2.0
Equipment	36,867,369	31,609,484	16.6
Leased Assets	2,590,884	2,065,361	25.4
Less: Accumulated Depreciation/Amortization	(164,269,905)	(153,238,754)	7.2
Total Capital Assets Net of Depreciation/ Amortization	$ 284,155,506	$ 257,722,349	10.3

Long-Term Liabilities

At year-end, the District had $151,240,000 in general obligation bonds outstanding as shown in Note 6 to the financial statements. The District also had an estimated $5,265,235 in compensated absences at June 30, 2025, a net increase of $3,149,816 from June 30, 2024 due to the implementation of GASB 101, as well as a net OPEB liability of $501,305, a decrease of $155,043. The District also had an estimated $77,453,460 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

	2025	2024	Percentage Change
General Obligation Bonds	$ 151,240,000	$ 117,520,000	28.7 %
Net Bond Premium and Discount	10,760,390	8,372,370	28.5
Equipment Certificates Payable	3,583,000	4,447,000	(19.4)
Certificates of Participation Payable	7,535,000	7,875,000	(4.3)
Financed Purchases	654,764	867,020	(24.5)
Long-Term Leases	1,308,663	1,511,902	(13.4)
Net Pension Liability	77,453,460	102,957,655	(24.8)
Net Other Postemployment Benefits Liability	501,305	656,348	(23.6)
Severable Compensated Absences	2,713,125	2,115,419	28.3
Non-cash Compensated Absences	2,552,110	-	100.0
Total Long-Term Liabilities	$ 258,301,817	$ 246,322,714	4.9
Long-Term Liabilities:			
Due Within One Year	$ 16,265,764	$ 15,756,520	
Due in More Than One Year	242,036,053	230,566,194	
Total	$ 258,301,817	$ 246,322,714	

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.

During fiscal year 2025, the District projected budgetary issues moving forward. As a result, the District planned for and implemented approximately $5,000,000 in cost containment initiatives during budget planning for fiscal year 2026.

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 $150.35 referenda that would have expired in fiscal year 2024.In January 2025, the School Board used the authority to renew an operating referendum of $829.19 that is was to expire in fiscal year 2026.

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. COVID-19 expenditures were only $134,697 in fiscal 2024-25.

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024

	Governmental Activities	
	2025	2024
ASSETS		
Cash and Investments	$ 131,564,702	$ 102,546,629
Receivables:		
Property Taxes	33,174,946	32,089,548
Other Governments	11,836,996	13,922,777
Other	201,231	347,497
Prepaid Items	411,076	328,780
Inventories	154,960	154,960
Due from Irrevocable Trust Fund	393,650	415,838
Lease Receivables	2,478,039	2,503,365
Capital Assets:		
Capital Assets Not Being Depreciated or Amortized	82,044,344	56,699,352
Other Capital Assets, Net of Depreciation and Amortization	202,111,162	201,022,997
Total Assets	464,371,106	410,031,743
DEFERRED OUTFLOWS OF RESOURCES		
Losses on Debt Refunding	147,484	212,118
Deferred Outflows - Pensions	20,933,954	25,123,981
Deferred Outflows - OPEB	93,021	302,705
Total Deferred Outflows	21,174,459	25,638,804
LIABILITIES		
Salaries Payable	14,448,114	13,548,627
Accounts and Contracts Payable	7,445,504	8,840,097
Accrued Interest	2,623,198	1,877,180
Due to Other Governmental Units	1,715,946	2,151,674
Unearned Revenue	848,097	897,077
Long-Term Liabilities:		
Net Pension Liability	77,453,460	102,957,655
Net Other Postemployment Benefits Liability	501,305	656,348
Portion Due Within One Year	16,265,764	15,756,520
Portion Due in More Than One Year	164,081,288	126,952,191
Total Liabilities	285,382,676	273,637,369

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Governmental Activities	
	2025	2024
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	$ 61,211,873	$ 59,482,259
Deferred Inflows - Lease Receivable	2,222,706	2,310,771
Gains on Debt Refunding	263,509	515,047
Deferred Inflows - Pensions	29,306,441	12,384,664
Deferred Inflows - Other Postemployment Benefits	2,633,742	2,955,236
Total Deferred Inflows of Resources	95,638,271	77,647,977
NET POSITION		
Net Investment in Capital Assets	135,357,644	121,188,091
Restricted for:		
General Fund Operating Capital Purposes	1,974,873	140,076
General Fund State-Mandated Reserves	3,678,244	2,303,623
Food Service	6,266,042	5,699,972
Community Service	3,906,309	3,314,940
Debt Service	2,658,565	2,143,570
Capital Projects - Building Construction	11,232,789	8,299,685
Unrestricted	(60,549,848)	(58,704,756)
Total Net Position	$ 104,524,618	$ 84,385,201

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025					2024
		Program Revenues			Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Governmental Activities
GOVERNMENTAL ACTIVITIES						
Administration	$ 5,278,111	$ -	$ 433,389	$ 902,163	$ (3,942,559)	$ (2,911,146)
District Support Services	5,044,877	-	57,450	-	(4,987,427)	(4,846,618)
Regular Instruction	62,958,157	1,347,409	2,292,919	-	(59,317,829)	(60,589,915)
Vocational Education Instruction	1,255,136	-	24,244	-	(1,230,892)	(1,202,200)
Special Education Instruction	29,282,852	574,091	23,033,355	-	(5,675,406)	(4,435,612)
Instructional Support Services	12,013,959	148,749	2,939,601	-	(8,925,609)	(8,210,892)
Pupil Support Services	15,865,810	-	845,012	-	(15,020,798)	(14,605,716)
Sites and Buildings	25,237,460	-	1,065,903	155,268	(24,016,289)	(12,629,183)
Fiscal and Other Fixed Cost Programs	1,294,929	-	-	-	(1,294,929)	(1,096,153)
Food Service	8,052,934	1,180,411	7,252,458	-	379,935	767,049
Community Service	9,768,267	7,723,914	1,892,088	-	(152,265)	812,348
Interest and Fiscal Charges on Long-Term Liabilities	3,718,641	-	-	-	(3,718,641)	(2,775,156)
Total School District	$ 179,771,133	$ 10,974,574	$ 39,836,419	$ 1,057,431	(127,902,709)	(111,723,194)
	GENERAL REVENUES					
	Property Taxes Levied for:					
	General Purposes				39,203,660	38,652,463
	Community Service				1,077,403	1,143,562
	Debt Service				18,938,289	18,226,671
	Capital Projects				2,500,131	2,388,395
	State Aid Not Restricted to Specific Purposes				79,652,257	77,267,790
	Earnings on Investments				3,959,251	3,842,885
	Miscellaneous				2,559,068	2,148,540
	Gain on Sale of Capital Assets				152,067	783,727
	Total General Revenues				148,042,126	144,454,033
	CHANGE IN NET POSITION				20,139,417	32,730,839
	Net Position - Beginning				84,385,201	51,654,362
	NET POSITION - ENDING				$ 104,524,618	$ 84,385,201

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Major Funds					Total Government Funds	Total Government Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	2025	2024
ASSETS							
Cash and Investments	$ 57,238,174	$ 6,583,336	$ 5,583,522	$ 42,870,731	$ 13,579,407	$ 125,855,170	$ 95,458,065
Receivables:							
Current Property Taxes	23,258,440	-	603,669	-	9,158,781	33,020,890	31,849,512
Delinquent Property Taxes	103,228	-	2,801	-	48,027	154,056	240,036
Due from Other Minnesota School Districts	200	-	1,969	-	-	2,169	124,556
Due from Minnesota Department of Education	10,687,214	72,399	53,838	-	27,969	10,841,420	10,388,753
Due from Federal through Minnesota Department of Education	489,943	33,683	-	-	-	523,626	3,156,702
Due from Federal Government Received Directly	-	-	-	-	-	-	8,664
Due from Other Governmental Units	374,058	-	-	-	-	374,058	244,102
Accounts and Interest Receivable	102,244	10,613	55,005	2,096	18,304	188,262	347,497
Due from Other Funds	393,650	-	-	-	-	393,650	415,838
Lease Receivable	2,478,039	-	-	-	-	2,478,039	2,503,365
Prepaids	388,770	-	22,306	-	-	411,076	328,780
Inventory	-	154,960	-	-	-	154,960	154,960
Total Assets	$ 95,513,960	$ 6,854,991	$ 6,323,110	$ 42,872,827	$ 22,832,488	$ 174,397,376	$ 145,220,830
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	$ 9,985,649	$ 241,747	$ 414,725	$ 56,526	$ -	$ 10,698,647	$ 10,153,002
Payroll Deductions and Employer Contributions Payable	3,492,035	103,321	120,289	33,822	-	3,749,467	3,395,625
Accounts and Contracts Payable	1,771,995	38,241	131,215	4,370,826	-	6,312,277	7,756,089
Due to Other Governmental Units	929,657	-	2,939	778,884	-	1,711,480	2,151,674
Unearned Revenue	58,074	205,640	584,383	-	-	848,097	897,077
Total Liabilities	16,237,410	588,949	1,253,551	5,240,058	-	23,319,968	24,353,467
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	42,497,898	-	1,163,250	-	17,550,725	61,211,873	59,482,259
Unavailable Revenue - Delinquent Property Taxes	93,002	-	2,531	-	43,244	138,777	135,550
Lease Receivable	2,222,706	-	-	-	-	2,222,706	2,310,771
Total Deferred Inflows of Resources	44,813,606	-	1,165,781	-	17,593,969	63,573,356	61,928,580

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Major Funds					Total Government Funds	Total Government Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	2025	2024
Fund Balance:							
Nonspendable:							
Prepaids	$ 388,770	$ -	$ 22,306	$ -	$ -	$ 411,076	$ 328,780
Inventory	-	154,960	-	-	-	154,960	154,960
Restricted for:							
Student Activities	219,885	-	-	-	-	219,885	217,683
Area Learning Center	113,895	-	-	-	-	113,895	124,635
Basic Skills Programs	834,245	-	-	-	-	834,245	582,430
Capital Projects Levy	1,157,424	-	-	694,795	-	1,852,219	1,231,791
School Library Aid	70,508	-	-	-	-	70,508	13,573
Community Education	-	-	3,591,883	-	-	3,591,883	2,854,936
Early Childhood and Family Education	-	-	190,877	-	-	190,877	275,714
Long-Term Facility Maintenance	-	-	-	36,937,974	-	36,937,974	11,742,555
Medical Assistance	581,439	-	-	-	-	581,439	332,542
Operating Capital	1,974,873	-	-	-	-	1,974,873	140,076
Quality Comp	255,712	-	-	-	-	255,712	300,074
READ Act - Literary Aid	369,605	-	-	-	-	369,605	-
Literacy Incentive Aid	51,014	-	-	-	-	51,014	615,197
Safe Schools Levy	24,517	-	-	-	-	24,517	104,865
School Readiness	-	-	46,562	-	-	46,562	46,606
Other Purposes	-	6,111,082	52,150	-	5,238,519	11,401,751	8,956,036
Assigned for:							
Assigned Future Use, Donations, Land	-	-	-	-	-	-	8,011,662
Construction	348,000	-	-	-	-	348,000	200,000
Separation/Retirement Benefits	1,700,000	-	-	-	-	1,700,000	1,700,000
Transportation Center	5,566,722	-	-	-	-	5,566,722	-
Capital Maintenance - Victoria Field House	80,000	-	-	-	-	80,000	80,000
Bus Replacement	200,000	-	-	-	-	200,000	-
Lease Levy Adjustment	1,000,000	-	-	-	-	1,000,000	-
Federal Funding Reserve	250,000	-	-	-	-	250,000	-
Deferred Maintenance	300,000	-	-	-	-	300,000	-
Energy Efficiency	259,495	-	-	-	-	259,495	259,495
MTSS-ADSIS	879,961	-	-	-	-	879,961	879,961
Site Carry-Over	1,244,271	-	-	-	-	1,244,271	1,158,127
Unassigned	16,592,608	-	-	-	-	16,592,608	18,627,085
Total Fund Balance	34,462,944	6,266,042	3,903,778	37,632,769	5,238,519	87,504,052	58,938,783
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 95,513,960	$ 6,854,991	$ 6,323,110	$ 42,872,827	$ 22,832,488	$ 174,397,376	$ 145,220,830

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
Total Fund Balance for Governmental Funds	$ 87,504,052	$ 58,938,783
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	22,426,466	19,318,976
Construction in Progress	59,617,878	37,380,376
Land Improvements, Net of Accumulated Depreciation	3,588,927	3,988,617
Buildings and Improvements, Net of Accumulated Depreciation	177,761,478	179,060,529
Equipment, Net of Accumulated Depreciation	19,156,267	16,566,364
Right to Use Assets, Net of Amortization	1,604,490	1,407,487
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.	138,777	135,550
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	(501,305)	(656,348)
Deferred Inflows of Resources - Other Postemployment Benefits	(2,633,742)	(2,955,236)
Deferred Outflows of Resources - Other Postemployment Benefits	93,021	302,705
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	147,484	212,118
Gains on Debt Refunding	(263,509)	(515,047)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(2,623,198)	(1,877,180)
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	(77,453,460)	(102,957,655)
Deferred Inflows of Resources - Pensions	(29,306,441)	(12,384,664)
Deferred Outflows of Resources - Pensions	20,933,954	25,123,981

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
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	$ (151,240,000)	$ (117,520,000)
Unamortized Premiums	(10,760,390)	(8,372,370)
Certificates of Participation Payable	(3,583,000)	(4,447,000)
Equipment Certificates Payable	(7,535,000)	(7,875,000)
Long-Term Leases Payable	(1,308,663)	(1,511,902)
Financed Purchase Agreement Payable	(654,764)	(867,020)
Severance Benefits Payable	(2,713,125)	(2,115,419)
Compensated Absences Payable	(2,552,110)	-
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:	4,680,531	6,004,556
Total Net Position of Governmental Activities	$ 104,524,618	$ 84,385,201

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2025	2024
REVENUES							
Local Sources:							
Property Taxes	$ 39,201,610	$ -	$ 1,077,347	$ 2,500,000	$ 18,937,299	$ 61,716,256	$ 60,358,118
Earnings and Investments	1,985,416	220,782	203,033	820,668	484,241	3,714,140	3,493,986
Other	4,740,521	1,180,688	7,768,287	-	-	13,689,496	13,263,545
State Sources	106,647,106	4,755,259	1,796,958	-	279,695	113,479,018	107,833,643
Federal Sources	2,098,273	2,462,275	-	-	-	4,560,548	6,414,933
Total Revenues	154,672,926	8,619,004	10,845,625	3,320,668	19,701,235	197,159,458	191,364,225
EXPENDITURES							
Current:							
Administration	5,038,585	-	-	-	-	5,038,585	4,798,968
District Support Services	4,161,566	-	-	-	-	4,161,566	4,341,172
Elementary and Secondary Regular Instruction	61,644,798	-	-	-	-	61,644,798	59,756,968
Vocational Education Instruction	1,446,868	-	-	-	-	1,446,868	1,291,587
Special Education Instruction	28,817,990	-	-	-	-	28,817,990	26,362,550
Instructional Support Services	10,522,572	-	-	-	-	10,522,572	9,899,474
Pupil Support Services	14,006,989	-	-	-	-	14,006,989	13,516,178
Sites and Buildings	12,965,329	-	-	-	-	12,965,329	13,156,555
Fiscal and Other Fixed Cost Programs	1,294,929	-	-	-	-	1,294,929	1,096,153
Food Service	-	7,667,678	-	-	-	7,667,678	7,379,081
Community Service	32,220	-	10,210,511	-	-	10,242,731	9,399,324
Capital Outlay	12,747,317	385,256	43,704	29,149,178	-	42,325,455	32,466,978
Debt Service:							
Principal	755,495	-	-	-	14,149,000	14,904,495	14,362,653
Interest and Fiscal Charges	273,806	-	-	-	4,292,332	4,566,138	4,941,331
Total Expenditures	153,708,464	8,052,934	10,254,215	29,149,178	18,441,332	219,606,123	202,768,972
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	964,462	566,070	591,410	(25,828,510)	1,259,903	(22,446,665)	(11,404,747)

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2025	2024
OTHER FINANCING SOURCES							
Sale of Real Property	$ 148,000	$ -	$ -	$ -	$ -	$ 148,000	$ 1,517,000
Sale of Equipment	4,067	-	-	-	-	4,067	2,050
Insurance Recovery	60,236	-	-	-	-	60,236	204,166
Sale of Bonds	-	-	-	47,005,000	-	47,005,000	-
Bond Premium	-	-	-	3,794,631	-	3,794,631	-
Total Other Financing Sources	212,303	-	-	50,799,631	-	51,011,934	1,723,216
NET CHANGE IN FUND BALANCE	1,176,765	566,070	591,410	24,971,121	1,259,903	28,565,269	(9,681,531)
FUND BALANCES							
Beginning of Year	33,286,179	5,699,972	3,312,368	12,661,648	3,978,616	58,938,783	68,620,314
End of Year	$ 34,462,944	$ 6,266,042	$ 3,903,778	$ 37,632,769	$ 5,238,519	$ 87,504,052	$ 58,938,783

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
Net Change in Fund Balance - Total Governmental Funds	$ 28,565,269	$ (9,681,531)
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	37,474,796	31,632,059
Gain/(Loss) on Disposal of Capital Assets	152,067	783,727
Proceeds from the Sales of Capital Assets	(152,067)	(1,519,050)
Depreciation and Amortization Expense	(11,041,639)	(12,127,735)
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.	3,227	52,973
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.		
Principal Payments - Long-Term Leases	203,239	196,328
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.	4,392,391	7,361,388
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).	(3,149,816)	186,696
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.	266,853	50,907

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025	2024
The governmental funds reports the issuance of long-term liabilities as financing sources, while repayment of principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term liabilities and related items is as follows:		
Sale of General Obligation Bonds	$ (47,005,000)	$ -
Bond Premiums	(3,794,631)	-
Repayment of Bond Principal	13,285,000	12,775,000
Repayment of Certificates of Participation Payable	1,204,000	1,182,000
Repayment of Financed Purchases	212,256	209,325
Change in Accrued Interest	(746,018)	101,611
Amortization of Bond Premium	1,406,611	1,796,124
Amortization of Deferred Charges on Refunding Bonds	186,904	268,440
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.	(1,324,025)	(537,423)
Change in Net Position of Governmental Activities	$ 20,139,417	$ 32,730,839

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Governmental Activities Internal Service Funds	
	2025	2024
ASSETS		
Cash and Cash Equivalents	$ 5,709,532	$ 7,088,564
Accounts Receivable	108,692	-
Total Assets	5,818,224	7,088,564
LIABILITIES		
Claims Payable	1,133,227	1,084,008
NET POSITION		
Unrestricted	$ 4,680,531	$ 6,004,556

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Governmental Activities Internal Service Funds	
	2025	2024
OPERATING REVENUES		
Charges for Services:		
Health Insurance Premiums	$ 12,043,130	$ 10,938,261
Dental Insurance Premiums	867,517	825,892
Chrome Book Insurance Premiums	60,033	48,356
Total Operating Revenues	12,970,680	11,812,509
OPERATING EXPENSES		
Health Insurance Claim Payments	13,605,051	11,808,328
Dental Insurance Claim Payments	901,433	869,248
Supplies and Materials	33,332	21,255
Total Operating Expenses	14,539,816	12,698,831
OPERATING LOSS	(1,569,136)	(886,322)
NONOPERATING INCOME		
Earnings on Investments	245,111	348,899
CHANGE IN NET POSITION	(1,324,025)	(537,423)
Net Position - Beginning	6,004,556	6,541,979
NET POSITION - ENDING	$ 4,680,531	$ 6,004,556

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Governmental Activities Internal Service Funds	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	$ 13,300,275	$ 11,764,153
Receipts from Insurance Premiums	60,033	48,356
Payments for Medical Fees and Insurance Claims	(14,448,127)	(13,122,246)
Payments for Supplies and Materials	(536,324)	(21,255)
Net Cash Used by Operating Activities	(1,624,143)	(1,330,992)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	245,111	348,899
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,379,032)	(982,093)
CASH AND CASH EQUIVALENTS - BEGINNING	7,088,564	8,070,657
CASH AND CASH EQUIVALENTS - ENDING	$ 5,709,532	$ 7,088,564
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (1,569,136)	$ (886,322)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Increase (Decrease) in Claims Payable	49,219	(444,670)
Net Cash Used by Operating Activities	$ (1,624,143)	$ (1,330,992)

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	Scholarship Fund	OPEB Irrevocable Trust
ASSETS		
Cash and Cash Equivalents	$ 28,125	$ -
Investments:		
Domestic Fixed Income Securities	-	3,323,653
Domestic Equities	-	3,212,253
Money Markets	116,022	48,601
Total Assets	144,147	6,584,507
LIABILITIES		
Accounts and Contracts Payable	750	-
Due to Other Funds	-	393,650
Total Liabilities	750	393,650
NET POSITION		
Restricted for Scholarship Fund	143,397	-
Restricted for OPEB	-	6,190,857
Total Net Position	$ 143,397	$ 6,190,857

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, 2025

	Scholarship Fund	OPEB Irrevocable Trust
ADDITIONS		
Contributions	$ 84,543	$ -
Investment Income	5,489	652,169
Total Additions	90,447	652,169
DEDUCTIONS		
Benefits Paid to Plan Members	-	433,650
Scholarships Awarded	102,550	-
Administrative Expenses	-	2,824
Total Deductions	102,550	436,474
NET INCREASE (DECREASE) IN NET POSITION	(12,103)	215,695
Net Position - Beginning of Year	155,500	5,975,162
NET POSITION - END OF YEAR	$ 143,397	$ 6,190,857

See accompanying Notes to Basic Financial Statements.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation and amortization expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements through conversion entries.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other employee benefit) trust, private purpose trust, and custodial funds. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges for services in the form of health and dental insurance premiums, early retirement incentive costs, and sick pay.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide, 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.

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 insurance program, health insurance programs, and chrome books used by students. As a proprietary fund, the internal service fund employs the economic resources measurement focus and is accounted for on the accrual basis.

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.

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
Revenues			
General Fund	$ 148,031,012	$ 2,556,342	$ 150,587,354
Special Revenue Fund:			
Food Service Fund	7,931,976	350,000	8,281,976
Community Service Fund	10,328,901	98,244	10,427,145
Capital Projects Fund	14,585,100	(11,715,268)	2,869,832
Debt Service Fund	19,593,220	-	19,593,220
Expenditures			
General Fund	$ 156,901,165	$ 1,599,640	$ 158,500,805
Special Revenue Fund:			
Food Service Fund	8,056,141	550,000	8,606,141
Community Service Fund	10,153,841	(27,161)	10,126,680
Capital Projects Fund	25,835,557	2,764,310	28,599,867
Debt Service Fund	19,003,232	(558,050)	18,445,182

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.

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 2025. 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.

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.

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.

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, 2025, 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Compensated Absences

The District has different types of leave banks that accumulate over time. The compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash. There are two categories of compensated absences, severable and non-cash. The severable portion represents a liability that would be settled as a cash payment if not used by the employees. Non-cash represents amounts that will not be settled as a cash payment and will only be used by employees.

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 severable compensated absences 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 most employees this is recorded as non-cash compensated absences as the employees will use their sick leave banks to take time off, but will not receive cash compensation if they leave the district. For certain employees, unused sick leave enters into the calculation of severance comp abs as their accumulated leave banks are paid out 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 compensated absence 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.

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”.

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.

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.

W. Change in Accounting Principle

Effective July 1, 2024, the District implemented GASB Statement No. 101, Compensated Absences. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. There was no material impact as a result of the implementation of this standard.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Community Service Fund	$ 10,126,680	$ 10,254,215	$ 127,535
Capital Projects Fund	28,599,867	29,149,178	549,311

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

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, 2025 is $6,938,647 and $8,929,467, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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
- 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, 2025, the District’s investment balances were as follows:

	Fair Value
U.S. Treasuries with Maturities at Purchase of Greater than One Year	$ 960,849

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

	Amortized Cost
Minnesota School District Liquid Asset Fund Term	$ 5,000,000
Minnesota School District Liquid Asset Fund Plus Liquid Class	451,782
Minnesota School District Liquid Asset Fund Plus Max Class	16,447,982
U.S. Treasuries with Maturities at Purchase of Less than One Year	10,764,829
Money Markets	91,144,905
Total	$ 123,809,498
Total Investments Held with Broker	$ 124,770,347

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	$ 3,212,253
Mutual Fund - Fixed Income	3,323,509
Money Market Mutual Funds	48,601
Total	$ 6,584,363

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:

		Maturity Duration in Years			No	
Type	Total	Less Than 1	1 to 2	2 to 5	Maturities	Rating
MSDLAF+ Liquid Class	$ 451,782	$ -	$ -	$ -	$ 451,782	AAAf
MSDLAF+ Max Class	16,447,982	-	-	-	16,447,982	AAAf
MSDLAF TERM	5,000,000	-	-	-	5,000,000	AAAf
U.S. Treasury Notes	11,725,678	11,725,678	-	-	-	Aaa
Money Market	91,144,905	-	-	-	91,144,905	NR
Total	$ 124,770,347	$ 11,725,678	$ -	$ -	$ 113,044,669	

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The credit ratings and average duration for the OPEB Trust assets are as follows:

		Maturity Duration in Years			No	
Type	Total	Less Than 1	1 to 5	Over 5	Maturities	Rating
Mutual Fund - Equity	$ 3,212,253	$ -	$ -	$ -	$ 3,212,253	NR
Mutual Fund - Fixed Income	3,323,509	-	-	3,323,509	-	NR
Money Market Mutual Funds	48,601	-	-	-	48,601	AAAm
Total	$ 6,584,363	$ -	$ -	$ 3,323,509	$ 3,260,854	

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, 2025, 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	$ 131,564,702
Cash and Cash Equivalents - Statement of Fiduciary Net Position	6,728,654
Total Cash and Investments	$ 138,293,356

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.

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

	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	$ 960,849	$ -	$ -	$ 960,849
Investments Measured at Amortized Cost				123,809,498
Total				$ 124,770,347

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

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

	Level 1	Level 2	Level 3	Total
Mutual Fund - Equity	$ 3,212,253	$ -	$ -	$ 3,212,253
Mutual Fund - Fixed Income	3,323,509	-	-	3,323,509
Total	$ 6,535,762	$ -	$ -	6,535,762
Investments Measured at Amortized Cost				48,601
Total				$ 6,584,363

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated or Amortized:				
Land	$ 19,318,976	$ 3,107,490	$ -	$ 22,426,466
Construction in Progress	37,380,376	31,166,460	(8,928,958)	59,617,878
Total Capital Assets, Not Being Depreciated or Amortized	56,699,352	34,273,950	(8,928,958)	82,044,344
Capital Assets, Being Depreciated:				
Land Improvements	10,038,125	8,990	-	10,047,115
Buildings and Improvements	310,548,781	6,326,918	-	316,875,699
Equipment	31,609,484	5,257,885	-	36,867,369
Leased Assets, Being Amortized:				
Right to Use Subscription Assets	-	536,011	-	536,011
Land and Land Improvements	1,709,301	-	-	1,709,301
Equipment	356,060	-	(10,488)	345,572
Total Capital Assets, Being Depreciated/Amortized	354,261,751	12,129,804	(10,488)	366,381,067
Accumulated Depreciation for:				
Land Improvements	(6,049,508)	(408,680)	-	(6,458,188)
Buildings and Improvements	(131,488,252)	(7,625,969)	-	(139,114,221)
Equipment	(15,043,120)	(2,667,982)	-	(17,711,102)
Accumulated Amortization for:				
Right to Use Subscription Assets	-	(118,792)	-	(118,792)
Land and Land Improvements	(445,905)	(148,635)	-	(594,540)
Equipment	(211,969)	(71,581)	10,488	(273,062)
Total Accumulated Depreciation/ Amortization	(153,238,754)	(11,041,639)	10,488	(164,269,905)
Total Capital Assets, Being Depreciated/ Amortized, Net	201,022,997	1,088,165	-	202,111,162
Governmental Activities Capital Assets, Net	$ 257,722,349	$ 35,362,115	$ (8,928,958)	$ 284,155,506

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
District Support Services	$ 58,309
Regular Instruction	843,284
Special Education Instruction	60,723
Instructional Support Services	160,068
Pupil Support Services	1,344,562
Sites and Buildings	8,552,640
Total Depreciation/Amortization Expense, Governmental Activities	$ 11,041,639

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, 2025, the District recognized $88,065 and $74,797 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	Principal Outstanding Total
2016A GO Building Bonds	3.50% - 5.00%	$ 57,650,000	2018-2036	$ 3,210,000	$ 44,765,000
2020A GO Refunding Bonds	2.00%	44,080,000	2023-2028	8,245,000	25,235,000
2023A GO Facility Maintenance Bonds	4.00% - 5.00%	34,235,000	2028 - 2038	-	34,235,000
2025A GO Facility Maintenance Bonds	3.25%-5.00%	47,005,000	2025-2039		47,005,000
Total General Obligation Bonds				11,455,000	151,240,000
Certificates of Participation					
2021A Certificates of Participation	2.00% - 4.00%	8,435,000	2023-2042	345,000	7,535,000
Equipment Certificates					
2021B GO Equipment Certificates	1.45%	6,839,000	2022-2029	877,000	3,583,000
Bond Premiums				-	10,760,390
Financed Purchases				215,227	654,764
Long-Term Leases				183,937	1,308,663
Severable Compensated Absences				813,264	2,713,125
Non-cash Compensated Absences				2,376,336	2,552,110
Total				$ 16,265,764	$ 180,347,052

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Descriptions of Long-Term Liabilities

General Obligation Bonds Payable

These bonds were issued to finance acquisitions, improvements, and/or construction of capital facilities or to refinance (refund) prior bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

In 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.

In February 2025, the District issued $47,005,000 of General Obligation Facilities Maintenance Bonds, Series 2025A. 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, 2027 through February 1, 2038, with installments ranging from $1,130,000 to $5,875,000.

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Descriptions of Long-Term Liabilities (Continued)

Certificates of Participation Payable

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

Financed Purchases and Equipment Certificates

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

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

Long-Term Leases

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

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including pension, severance, and health benefits payable are as follows:

	General Obligation Bonds Payable		Finance Purchase Agreement		Certificates of Participation	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 11,455,000	$ 6,028,179	$ 215,227	$ 9,167	$ 345,000	$ 209,550
2027	13,085,000	5,696,788	218,241	6,154	355,000	200,925
2028	13,250,000	5,294,838	221,296	3,098	365,000	192,050
2029	8,775,000	4,889,738	-	-	375,000	182,925
2030	10,420,000	4,450,988	-	-	380,000	173,550
2031-2035	58,225,000	14,896,513	-	-	2,140,000	639,600
2036-2040	36,030,000	3,119,425	-	-	2,495,000	289,900
2041-2043	-	-	-	-	1,080,000	32,500
Total	$ 151,240,000	$ 44,376,469	$ 654,764	$ 18,419	$ 7,535,000	$ 1,921,000

	Equipment Certificates		Long-Term Leases		Total	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 877,000	$ 51,954	$ 183,937	$ 38,420	$ 13,076,164	$ 6,337,270
2027	889,000	39,237	176,122	32,449	14,723,363	5,975,553
2028	902,000	26,347	153,634	27,315	14,891,930	5,543,648
2029	915,000	13,268	161,261	22,662	10,226,261	5,108,593
2030	-	-	169,841	17,761	10,969,841	4,642,299
2031-2035	-	-	463,868	21,224	60,828,868	15,557,337
2036-2040	-	-	-	-	38,525,000	3,409,325
2041-2043	-	-	-	-	1,080,000	32,500
Total	$ 3,583,000	$ 130,806	$ 1,308,663	$ 159,831	$ 164,321,427	$ 46,606,525

D. Changes in Long-Term Debt

	June 30, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	$ 117,520,000	$ 47,005,000	$ 13,285,000	$ 151,240,000
Bond Premiums	8,372,370	3,794,631	1,406,611	10,760,390
Equipment Certificates	4,447,000	-	864,000	3,583,000
Certificates of Participation	7,875,000	-	340,000	7,535,000
Financed Purchases	867,020	-	212,256	654,764
Long-Term Leases Payable	1,511,902	-	203,239	1,308,663
Severable Compensated Absences	2,115,419	597,706	-	2,713,125
Noncash Compensated Absences	-	2,552,110	-	2,552,110
Total	$ 142,708,711	$ 53,949,447	$ 16,311,106	$ 180,347,052

Compensated Absences additions or retirements are shown as a net change.

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 Basic Skills – Represents amounts restricted for meeting the educational needs of pupils who enroll under-prepared to learn.

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.

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 to support implementation of evidence-based reading instruction in accordance with 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.

NOTE 7 FUND BALANCES AND NET POSITION (CONTINUED)

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

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

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

Restricted for Quality Comp - Represents restricted dollars for unspent Q-Comp Aid and Levy revenue.

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	$ 6,111,082
Restricted for Community Education	52,150
Restricted for Debt Service	5,238,519
Total Restricted for Other Purposes	$ 11,401,751

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.

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 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.

NOTE 7 FUND BALANCES AND NET POSITION (CONTINUED)

Assigned for Bus replacement – Represents dollars assigned for the approximate replacement value of one bus. The district is working on a long-range bus fleet replacement plan.

Assigned for Federal Funding Reserve – Represents dollars assigned to address unexpected changes in federal or state funding.

Assigned for Deferred Maintenance – Represents dollars assigned to address unexpected and urgent deferred maintenance or capital expenses.

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, 2025:

Capital Assets, Net of Accumulated Depreciation/ Amortization	$ 284,155,506
Capital-Related Long-Term Liabilities	(164,321,427)
Capital Related Contracts and Accounts Payable	(4,370,826)
Unamortized Premiums on Capital-Related Debt	(10,760,390)
Deferred Inflows and Deferred Outflows on Refundings	(116,025)
Unspent Bond Proceeds	30,770,806
Net Investment in Capital Assets	$ 135,357,644

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.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

2. Teachers Retirement Fund (TRA)

The Teachers 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 school, 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 within one year of eligible employment or elect coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing DCR plan is not a member of TRA except for purposes of social security coverage.

B. Benefits Provided

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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%. The 2024 annual increase was 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 prorated increase.

2. TRA Benefits

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any consecutive 60 months of formula service, age and years of formula service credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

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

Tier I Benefits

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

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) 3.0% per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

Or

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier I Benefits (Continued)

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.

Tier II Benefits

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

Six different types of annuities are available to members upon retirement. The No Refund 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 chapters 353, 353E, 353G, and 356 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District contributions to the General Employees Fund for the year ended June 30, 2025, were $1,992,341. The District contributions were equal to the required contributions as set by state statute.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 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, 2025 were $6,004,608. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2025, the District reported a liability of $11,654,466 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 $301,361, for a total net pension liability of $11,955,827 associated with the District.

The District's Proportionate Share of the Net Pension Liability	$ 11,654,466
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District	301,361
Total	$ 11,955,827

The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was .3152% at the end of the measurement period and .3197% for the beginning of the period.

For the year ended June 30, 2025, the district recognized pension expense of $1,293,079 for its proportionate share of the General Employees Plan's pension expense. In addition, the district recognized $3,734 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

At June 30, 2025, 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	$ 1,095,825	$ -
Changes in Actuarial Assumptions	56,901	4,411,023
Net Difference Between Projected and Actual Earnings on Plan Investments	-	3,384,361
District Contributions and Proportionate Share Changes in Proportion	867,066	209,837
District Contributions Subsequent to the Measurement Date	2,106,988	-
Total	$ 4,126,780	$ 8,005,221

The $2,106,988 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, 2026. 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
2026	$ (2,993,126)
2027	(601,183)
2028	(1,497,874)
2029	(893,246)
Thereafter	-

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

On June 30, 2025, the District reported a liability of $65,798,994 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2024, 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 1.0355% at the end of the measurement period and 1.0305% 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	$ 65,798,994
State's Proportionate Share of the Net Pension Liability Associated with the District	4,303,422
Total	$ 70,102,416

For the year ended June 30, 2025, the District recognized a pension expense of $5,296,511. It also recognized $52,647 as a decrease to pension expense and negative grant revenue for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed $176 million to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the $176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $1,824,205 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

At June 30, 2025, 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:

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 3,136,871	$ 852,725
Changes in Actuarial Assumptions	6,635,817	7,846,705
Net Difference Between Projected and Actual Earnings on Plan Investments	-	9,313,040
District Contributions and Proportionate Share Changes in Proportion	535,146	3,288,750
District Contributions Subsequent to the Measurement Date	6,499,340	-
Total	$ 16,807,174	$ 21,301,220

The $6,499,340 reported as deferred outflows of resources related to pensions resulting from District Contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2026	$ (5,318,411)
2027	4,526,205
2028	(5,237,792)
2029	(3,986,345)
2030	(977,043)

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.

	TRA	GERF	Total
Net Pension Liability	$ 65,798,994	$ 11,654,466	$ 77,453,460
Deferred Outflows of Resources	16,807,174	4,126,780	20,933,954
Deferred Inflows of Resources	21,301,220	8,005,221	29,306,441
Pension Expense	5,296,511	1,293,079	6,589,590

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	100.00 %	

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	100.00 %	

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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% after 27 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

TRA pre-retirement mortality rates were based on the PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale. Healthy retirees mortality rates were based on the PubT-2010 (A) retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale. Beneficiaries mortality rates were based on Pub2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted.

Generational projection uses the MP-2021 scale. Disabled retirees mortality rates were based on the PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

Inflation is assumed to be 2.5% for TRA. Cost of living adjustments 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.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Teachers Retirement Association

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes in Plan Provisions:

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

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 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 position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 7%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 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. 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.

H. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Plan Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the General Employees Plan Net Pension Liability	$ 25,455,229	$ 11,654,466	$ 302,079
TRA Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	$ 115,875,878	$ 65,798,994	$ 24,584,530

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.

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 2025, 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.

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, 2025 were as follows:

Total OPEB Liability	$ 6,692,162
Plan Fiduciary Net Position	6,190,857
District's Net OPEB Liability (Asset)	$ 501,305
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	93%

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, 2025, 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	6.10%
20-Year Municipal Bond Yield	4.90%
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.

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 %	4.98 %
Domestic Equity	33.00	7.25
International Equity	17.00	7.08
Total	100.00 %	6.10
Reduced for Assumed Investment Expense		-
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		6.10 %

The discount rate used to measure the total OPEB liability was 5.20%. 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.

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 long-term expected investment return was changed from 6.00% to 6.10%.
  - The discount rate was changed from 4.60% to 5.20%.

E. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 10.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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	$ 6,631,510	$ 5,975,162	$ 656,348
Changes for the Year:			
Service Cost	435,321	-	435,321
Interest Cost	314,129	-	314,129
Assumption Changes	(207,499)	-	(207,499)
Contributions-Employer	-	47,649	(47,649)
Net Investment Income	-	652,169	(652,169)
Benefit Payments	(481,299)	(481,299)	-
Administrative Expense	-	(2,824)	2,824
Net Changes	60,652	215,695	(155,043)
Ending Balance	$ 6,692,162	$ 6,190,857	$ 501,305

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 (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Net OPEB Liability (Asset)	$ 917,274	$ 501,305	$ 103,235

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

F. Changes in the Net OPEB Liability (Continued)

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.00% decreasing to 4.00% then 3.00%) or 1% point higher (7.00% decreasing to 6.00 then 5.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.00% Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.00% Decreasing to 5.00% then 4.00%)	1% Increase (7.00% Decreasing to 6.00% then 5.00%)
Net OPEB Liability (Asset)	$ (165,858)	$ 501,305	$ 1,283,038

For the year ended June 30, 2025, the District recognized negative OPEB expense of $219,174. At June 30, 2025, 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	$ 88,805	$ 1,103,799
Change of Assumptions	4,216	1,389,963
Net Difference Between Projected and Actual Investment Earnings	-	139,980
Total	$ 93,021	$ 2,633,742

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
2026	$ (420,323)
2027	(791,204)
2028	(760,174)
2029	(534,441)
2030	(34,579)
Total	$ (2,540,721)

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).

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, 2025, 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, 2025. 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, 2025, for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2025 and 2024 were as follows:

	2025	2024
Beginning of Fiscal Year Liability - July 1,	$ 1,084,008	$ 1,528,678
Current Year Claims, Changes in Estimates, and Other Charges	14,506,484	12,677,576
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	(14,457,265)	(13,122,246)
End of Fiscal Year Liability - June 30,	$ 1,133,227	$ 1,084,008

NOTE 12 SUBSEQUENT EVENT

On October 27, 2025, Eastern Carver County Schools issued the Series 2025B General Obligation School Building Referendum Bonds in the amount of $37,245,000 for the purpose of effecting a current refunding of certain outstanding general obligations of the District. The interest rate on the bonds is 5.0%, and final maturity is February 1, 2034.

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, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 38,621,799	$ 38,621,799	$ 39,201,610	$ 579,811
Earnings and Investments	750,000	1,103,500	1,985,416	881,916
Other	3,486,288	3,626,691	4,740,521	1,113,830
State Sources	102,202,582	104,244,351	106,647,106	2,402,755
Federal Sources	2,970,343	2,991,013	2,098,273	(892,740)
Total Revenues	148,031,012	150,587,354	154,672,926	4,085,572
EXPENDITURES				
Current:				
Administration	4,513,392	5,015,553	5,038,585	23,032
District Support Services	4,731,920	4,617,308	4,161,566	(455,742)
Elementary and Secondary Regular Instruction	62,429,990	62,412,849	61,644,798	(768,051)
Vocational Education Instruction	1,342,119	1,406,075	1,446,868	40,793
Special Education Instruction	29,922,265	29,898,405	28,817,990	(1,080,415)
Community Education	-	32,220	32,220	-
Instructional Support Services	9,289,370	10,294,177	10,522,572	228,395
Pupil Support Services	16,241,060	14,635,606	14,006,989	(628,617)
Sites and Buildings	15,187,432	15,922,848	12,965,329	(2,957,519)
Fiscal and Other Fixed Cost Programs	1,414,359	1,414,359	1,294,929	(119,430)
Capital Outlay	10,427,630	11,449,777	12,747,317	1,297,540
Debt Service:				
Principal	1,168,456	1,168,456	755,495	(412,961)
Interest and Fiscal Charges	233,172	233,172	273,806	40,634
Total Expenditures	156,901,165	158,500,805	153,708,464	(4,792,341)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,870,153)	(7,913,451)	964,462	8,877,913
OTHER FINANCING SOURCES				
Sale of Real Property	-	148,000	148,000	-
Sale of Equipment	-	-	4,067	4,067
Insurance Recovery	-	-	60,236	60,236
Total Other Financing Sources	-	148,000	212,303	64,303
NET CHANGE IN FUND BALANCE	$ (8,870,153)	$ (7,765,451)	1,176,765	$ 8,942,216
FUND BALANCE				
Beginning of Year			33,286,179	
End of Year			$ 34,462,944	

See accompanying Notes to Required Supplementary Information

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, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings and Investments	$ 25,000	$ 125,000	$ 220,782	$ 95,782
Other - Primarily Meal Sales	1,261,900	1,261,900	1,180,688	(81,212)
State Sources	4,220,000	4,220,000	4,755,259	535,259
Federal Sources	2,425,076	2,675,076	2,462,275	(212,801)
Total Revenues	7,931,976	8,281,976	8,619,004	337,028
EXPENDITURES				
Current:				
Food Service	7,584,141	8,134,141	7,667,678	(466,463)
Capital Outlay	472,000	472,000	385,256	(86,744)
Total Expenditures	8,056,141	8,606,141	8,052,934	(553,207)
NET CHANGE IN FUND BALANCE	$ (124,165)	$ (324,165)	566,070	$ 890,235
FUND BALANCE				
Beginning of Year			5,699,972	
End of Year			$ 6,266,042	

See accompanying Notes to Required Supplementary Information

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, 2025

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 1,105,402	$ 1,077,941	$ 1,077,347	$ (594)
Earnings and Investments	-	10,000	203,033	193,033
Other - Primarily Tuition and Fees	7,340,667	7,413,323	7,768,287	354,964
State Sources	1,882,832	1,925,881	1,796,958	(128,923)
Total Revenues	10,328,901	10,427,145	10,845,625	418,480
EXPENDITURES				
Current:				
Community Service	10,113,241	10,089,374	10,210,511	121,137
Capital Outlay	40,600	37,306	43,704	6,398
Total Expenditures	10,153,841	10,126,680	10,254,215	127,535
NET CHANGE IN FUND BALANCE	$ 175,060	$ 300,465	591,410	$ 290,945
FUND BALANCE				
Beginning of Year			3,312,368	
End of Year			$ 3,903,778	

See accompanying Notes to Required Supplementary Information

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

	June 30, 2025	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	$ 435,321	$ 459,901	$ 559,858	$ 551,361	$ 731,921	$ 681,442	$ 503,435	$ 474,096	$ 495,806
Interest	314,129	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	(207,499)	(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	(481,299)	(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	60,652	(2,074,115)	343,479	(979,697)	794,653	1,441,633	501,919	(516,789)	333,196
Total OPEB Liability - Beginning	6,631,510	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)	$ 6,692,162	$ 6,631,510	$ 8,705,625	$ 8,362,146	$ 9,341,843	$ 8,547,190	$ 7,105,557	$ 6,603,638	$ 7,120,427
Plan Fiduciary Net Position:									
Contributions - Employer	$ 47,649	$ 47,079	$ 90,545	$ 66,432	$ -	$ -	$ -	$ -	$ -
Net Investment Income	652,169	636,860	386,581	(953,832)	1,371,101	392,528	414,913	409,420	540,837
Benefit Payments	(481,299)	(462,917)	(528,123)	(679,215)	(302,253)	(652,767)	(340,657)	(359,309)	(403,432)
Administrative Expense	(2,824)	(2,944)	(3,115)	(3,506)	(4,078)	(4,189)	(3,853)	(3,793)	-
Net Change in Plan Fiduciary Net Position	215,695	218,078	(54,112)	(1,570,121)	1,064,770	(264,428)	70,403	46,318	137,405
Plan Fiduciary Net Position - Beginning	5,975,162	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)	$ 6,190,857	$ 5,975,162	$ 5,757,084	$ 5,811,196	$ 7,381,317	$ 6,316,547	$ 6,580,975	$ 6,510,572	$ 6,464,254
District's Net OPEB Liability - Ending (a) - (b)	$ 501,305	$ 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	92.51%	90.10%	66.13%	69.49%	79.01%	73.90%	92.62%	98.59%	90.78%
Covered-Employee Payroll	$ 88,959,284	$ 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 NINE FISCAL YEARS*

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2025	10.90%
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.

See accompanying Notes to Required Supplementary Information

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Collective Net Pension Liability	1.0355%	1.0305%	1.0338%	1.0546%	1.1110%	1.0975%	1.0464%	1.0332%	1.0154%	0.9896%
District's Proportionate Share of the Collective Net Pension Liability	$ 65,798,994	$ 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
State's Proportionate Share of the Collective Net Pension Liability Associated with District	4,303,422	5,959,761	6,138,962	3,892,293	6,878,723	6,190,796	6,174,859	19,937,507	24,309,844	7,508,902
Total	$ 70,102,416	$ 91,040,150	$ 88,920,197	$ 50,044,742	$ 88,960,892	$ 76,145,676	$ 71,898,818	$ 226,182,969	$ 266,506,971	$ 68,725,449
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
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	95.88%	128.69%	129.59%	73.90%	126.99%	112.11%	111.83%	368.16%	456.54%	120.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.07%	76.42%	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	$ 6,499,340	$ 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
Contributions in Relation to the Statutorily Required Contribution	(6,499,340)	(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)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 74,278,171	$ 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
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.55%	8.34%	8.13%	7.92%	7.71%	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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.3152%	0.3197%	0.3129%	0.2653%	0.2936%	0.2823%	0.2905%	0.2853%	0.2827%	0.2857%
District's Proportionate Share of the Net Pension Liability	$ 11,654,466	$ 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
State's Proportionate Share of the Net Pension Liability Associated with the District	301,361	492,795	726,588	345,977	542,887	485,102	528,574	228,979	299,794	-
Total	$ 11,955,827	$ 18,370,061	$ 25,508,371	$ 11,675,476	$ 18,145,549	$ 16,092,837	$ 16,644,323	$ 18,442,343	$ 23,253,632	$ 14,806,457
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
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.87%	70.20%	105.53%	48.25%	85.15%	78.13%	82.11%	99.01%	130.45%	87.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	$ 2,106,988	$ 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
Contributions in Relation to the Statutorily Required Contribution	(2,106,988)	(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)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 28,093,173	$ 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
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%	7.50%

See accompanying Notes to Required Supplementary Information

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

2024

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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.

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

A. General Employees Fund (Continued)

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.
- 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.

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

A. General Employees Fund (Continued)

2020 (Continued)

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

Changes in Plan Provisions

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

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.

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.

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

A. General Employees Fund (Continued)

2018 (Continued)

- 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.

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.

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

A. General Employees Fund (Continued)

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.

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

2024 Changes

Changes in Actuarial Assumptions:

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub-2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes in Plan Provisions:

- There were no changes in plan provisions for financial reporting purposes.

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

A. Coordinated Plan (Continued)

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.

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.

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

A. Coordinated Plan (Continued)

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.

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 nonvested 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.

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.

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%.

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, 2025:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Community Service Fund	$ 10,126,680	$ 10,254,215	$ 127,535
Capital Projects Fund	28,599,867	29,149,178	549,311

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
ASSETS		
Cash and Investments	$ 57,238,174	$ 52,201,979
Receivables:		
Current Taxes	23,258,440	21,422,252
Delinquent Taxes	103,228	160,856
Accounts and Interest Receivable	102,244	157,131
Due from Other Minnesota School Districts	200	122,441
Due from Minnesota Department of Education	10,687,214	10,021,155
Due from Federal Through the Minnesota Department of Education	489,943	3,118,225
Due from Federal Government Received Directly	-	8,664
Due from Other Governmental Units	374,058	244,102
Due from Other Funds	393,650	415,838
Long-Term Lease Receivables	2,478,039	2,503,365
Prepaids	388,770	302,404
Total Assets	$ 95,513,960	$ 90,678,412
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	$ 9,985,649	$ 9,358,771
Payroll Deductions and Employer Contributions Payable	3,492,035	3,111,376
Accounts and Contracts Payable	1,771,995	1,734,922
Due to Other Minnesota School Districts	413,026	418,476
Due to Other Governmental Units	516,631	916,594
Unearned Revenue	58,074	109,098
Total Liabilities	16,237,410	15,649,237
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	42,497,898	39,341,381
Unavailable Revenue - Delinquent Taxes	93,002	90,844
Long-Term Lease Receivables	2,222,706	2,310,771
Total Deferred Inflows of Resources	44,813,606	41,742,996

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
GENERAL FUND
BALANCE SHEET (CONTINUED)
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (CONTINUED)		
Fund Balance:		
Nonspendable:		
Prepaids	$ 388,770	$ 302,404
Restricted for:		
Student Activities	219,885	217,683
Area Learning Center	113,895	124,635
Basic Skills Programs	834,245	582,430
Capital Projects Levy	1,157,424	908,310
School Library Aid	70,508	13,573
Medical Assistance	581,439	332,542
Operating Capital	1,974,873	140,076
Quality Comp	255,712	300,074
READ Act - Literacy Aid	369,605	-
Literacy Incentive Aid	51,014	19,585
Safe Schools Levy	24,517	104,865
Assigned for:		
Assigned Future Use, Donations, Land	-	8,011,662
Construction	348,000	200,000
Separation/Retirement Benefits	1,700,000	1,700,000
Lease Levy Adjustment	1,000,000	
Transportation Center	5,566,722	-
Capital Maintenance - Victoria Field House	80,000	80,000
Bus Replacement	200,000	-
Federal Funding Reserve	250,000	
Deferred Maintenance	300,000	-
Energy Efficiency	259,495	259,495
MTSS-ADSIS	879,961	879,961
Site Carry-Over	1,244,271	1,158,127
Unassigned	16,592,608	17,950,757
Total Fund Balance	34,462,944	33,286,179
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 95,513,960	$ 90,678,412

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	$ 38,621,799	$ 39,201,610	$ 579,811	$ 38,618,570
Earnings and Investments	1,103,500	1,985,416	881,916	2,171,285
Other	3,626,691	4,740,521	1,113,830	4,515,264
State Sources	104,244,351	106,647,106	2,402,755	101,281,621
Federal Sources	2,991,013	2,098,273	(892,740)	3,571,839
Total Revenues	150,587,354	154,672,926	4,085,572	150,158,579
EXPENDITURES				
Current:				
Administration:				
Salaries	3,820,254	3,844,637	24,383	3,713,458
Employee Benefits	1,004,910	960,001	(44,909)	922,591
Purchased Services	113,291	134,425	21,134	93,798
Supplies and Materials	15,698	21,521	5,823	10,293
Other Expenditures	61,400	78,001	16,601	58,828
Total Administration	5,015,553	5,038,585	23,032	4,798,968
District Support Services:				
Salaries	2,834,635	2,791,317	(43,318)	2,883,784
Employee Benefits	672,588	692,553	19,965	649,008
Purchased Services	908,762	531,222	(377,540)	793,837
Supplies and Materials	185,721	197,693	11,972	187,071
Other Expenditures	15,602	(51,219)	(66,821)	(172,528)
Total District Support Services	4,617,308	4,161,566	(455,742)	4,341,172
Elementary and Secondary Regular Instruction:				
Salaries	45,187,115	43,853,318	(1,333,797)	42,561,011
Employee Benefits	11,606,656	11,211,356	(395,300)	10,619,353
Purchased Services	2,210,563	3,463,184	1,252,621	3,452,430
Supplies and Materials	3,190,542	2,672,211	(518,331)	2,626,213
Other Expenditures	217,973	444,729	226,756	497,961
Total Elementary and Secondary Regular Instruction	62,412,849	61,644,798	(768,051)	59,756,968

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	$ 807,355	$ 785,964	$ (21,391)	$ 770,509
Employee Benefits	241,859	240,180	(1,679)	230,777
Purchased Services	343,003	413,461	70,458	277,189
Supplies and Materials	13,858	3,107	(10,751)	9,508
Other Expenditures	-	4,156	4,156	3,604
Total Vocational Education Instruction	1,406,075	1,446,868	40,793	1,291,587
Special Education Instruction:				
Salaries	22,836,068	21,610,367	(1,225,701)	20,010,340
Employee Benefits	5,909,805	5,941,671	31,866	5,440,146
Purchased Services	900,684	915,131	14,447	499,096
Supplies and Materials	206,650	217,879	11,229	252,336
Other Expenditures	45,198	132,942	87,744	160,632
Total Special Education Instruction	29,898,405	28,817,990	(1,080,415)	26,362,550
Community Education Services:				
Employee Benefits	32,220	32,220	-	23,514
Instructional Support Services:				
Salaries	7,364,897	7,750,357	385,460	7,256,857
Employee Benefits	1,934,261	2,008,997	74,736	1,888,767
Purchased Services	489,933	339,586	(150,347)	345,462
Supplies and Materials	479,556	374,102	(105,454)	348,263
Other Expenditures	25,530	49,530	24,000	60,125
Total Instructional Support Services	10,294,177	10,522,572	228,395	9,899,474
Pupil Support Services:				
Salaries	8,710,433	8,734,416	23,983	7,993,496
Employee Benefits	2,511,254	2,476,709	(34,545)	2,124,323
Purchased Services	2,347,885	1,672,207	(675,678)	1,981,518
Supplies and Materials	1,060,874	1,093,462	32,588	1,388,178
Other Expenditures	5,160	30,195	25,035	28,663
Total Pupil Support Services	14,635,606	14,006,989	(628,617)	13,516,178

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Sites and Buildings:				
Salaries	$ 4,311,064	$ 4,342,305	$ 31,241	$ 4,134,723
Employee Benefits	1,181,287	1,232,908	51,621	1,108,170
Purchased Services	9,526,336	6,303,905	(3,222,431)	7,180,566
Supplies and Materials	881,461	1,075,837	194,376	1,050,573
Other Expenditures	22,700	10,374	(12,326)	(317,477)
Total Sites and Buildings	15,922,848	12,965,329	(2,957,519)	13,156,555
Fiscal and Other Fixed Costs:				
Purchased Services	1,414,359	1,294,929	(119,430)	1,096,153
Capital Outlay:				
Administration	-	2,317	2,317	-
District Support Services	503,337	530,554	27,217	402,721
Regular Instruction	2,633,097	2,167,091	(466,006)	1,233,348
Special Education Instruction	23,860	36,013	12,153	7,671
Instructional Support Services	941,133	1,257,021	315,888	961,746
Pupil Support Services	261,450	237,887	(23,563)	205,859
Sites and Buildings	7,086,900	8,516,434	1,429,534	7,004,965
Total Capital Outlay	11,449,777	12,747,317	1,297,540	9,816,310

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Debt Service:				
Principal	$ 1,168,456	$ 755,495	$ (412,961)	$ 735,653
Interest and Fiscal Charges	233,172	273,806	40,634	241,369
Total Debt Service	1,401,628	1,029,301	(372,327)	977,022
Total Expenditures	158,500,805	153,708,464	(4,792,341)	145,036,451
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,913,451)	964,462	8,877,913	5,122,128
OTHER FINANCING SOURCES				
Sale of Real Property	148,000	148,000	-	1,517,000
Sale of Equipment	-	4,067	4,067	2,050
Insurance Recovery	-	60,236	60,236	204,166
Total Other Financing Sources	148,000	212,303	64,303	1,723,216
NET CHANGE IN FUND BALANCE	$ (7,765,451)	1,176,765	$ 8,942,216	6,845,344
FUND BALANCE				
Beginning of Year		33,286,179		26,440,835
End of Year		$ 34,462,944		$ 33,286,179

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
FOOD SERVICE FUND
BALANCE SHEET
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
ASSETS		
Cash and Investments	$ 6,583,336	$ 5,972,446
Receivables:		
Accounts and Interest Receivable	10,613	14,555
Due from Other Minnesota School Districts	-	146
Due from Minnesota Department of Education	72,399	164,202
Due from Federal Through the Minnesota Department of Education	33,683	38,477
Inventory	154,960	154,960
Total Assets	$ 6,854,991	$ 6,344,786
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	$ 241,747	$ 266,883
Payroll Deductions and Employer Contributions Payable	103,321	120,753
Accounts and Contracts Payable	38,241	33,291
Unearned Revenue	205,640	223,887
Total Liabilities	588,949	644,814
Fund Balance:		
Nonspendable:		
Inventory	154,960	154,960
Restricted for:		
Food Service	6,111,082	5,545,012
Total Fund Balance	6,266,042	5,699,972
Total Liabilities and Fund Balance	$ 6,854,991	$ 6,344,786

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	$ 125,000	$ 220,782	$ 95,782	$ 218,776
Other - Primarily Meal Sales	1,261,900	1,180,688	(81,212)	1,445,171
State Sources	4,220,000	4,755,259	535,259	4,396,195
Federal Sources	2,675,076	2,462,275	(212,801)	2,783,170
Total Revenues	8,281,976	8,619,004	337,028	8,843,312
EXPENDITURES				
Current:				
Salaries	2,488,532	2,451,430	(37,102)	2,342,369
Employee Benefits	581,033	550,699	(30,334)	523,311
Purchased Services	436,550	735,819	299,269	246,833
Supplies and Materials	4,178,776	3,929,022	(249,754)	3,818,375
Other Expenditures	449,250	708	(448,542)	448,193
Capital Outlay	472,000	385,256	(86,744)	474,270
Total Expenditures	8,606,141	8,052,934	(553,207)	7,853,351
NET CHANGE IN FUND BALANCE	$ (324,165)	566,070	$ 890,235	989,961
FUND BALANCE				
Beginning of Year		5,699,972		4,710,011
End of Year		$ 6,266,042		$ 5,699,972

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
COMMUNITY SERVICE FUND
BALANCE SHEET
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
ASSETS		
Cash and Investments	$ 5,583,522	$ 4,862,851
Receivables:		
Current Taxes	603,669	555,125
Delinquent Taxes	2,801	4,587
Accounts and Interest Receivable	55,005	43,585
Due from Other Minnesota School Districts	1,969	1,969
Due from Minnesota Department of Education	53,838	169,608
Prepaids	22,306	26,376
Total Assets	$ 6,323,110	$ 5,664,101
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	$ 414,725	$ 457,658
Payroll Deductions and Employer Contributions Payable	120,289	133,432
Accounts and Contracts Payable	131,215	78,318
Due to Other Minnesota School Districts	-	35,550
Due to Other Governmental Units	2,939	2,170
Unearned Revenue	584,383	564,092
Total Liabilities	1,253,551	1,271,220
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	1,163,250	1,077,941
Unavailable Revenue - Delinquent Taxes	2,531	2,572
Total Deferred Inflows of Resources	1,165,781	1,080,513
Fund Balance:		
Nonspendable:		
Prepaids	22,306	26,376
Restricted for:		
Community Education	3,591,883	2,854,936
Early Childhood and Family Education	190,877	275,714
School Readiness	46,562	46,606
Other Purposes	52,150	(107,205)
Total Fund Balance	3,903,778	3,312,368
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 6,323,110	$ 5,664,101

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	$ 1,077,941	$ 1,077,347	$ (594)	$ 1,142,559
Earnings and Investments	10,000	203,033	193,033	180,636
Other - Primarily Tuition and Fees	7,413,323	7,768,287	354,964	7,303,110
State Sources	1,925,881	1,796,958	(128,923)	1,816,379
Federal Sources	-	-	-	59,924
Total Revenues	10,427,145	10,845,625	418,480	10,502,608
EXPENDITURES				
Current:				
Salaries	6,145,360	6,130,335	(15,025)	5,803,026
Employee Benefits	1,362,289	1,384,093	21,804	1,314,689
Purchased Services	1,886,241	2,070,467	184,226	1,728,578
Supplies and Materials	647,427	565,361	(82,066)	504,713
Other Expenditures	48,057	60,255	12,198	24,804
Capital Outlay	37,306	43,704	6,398	23,841
Total Expenditures	10,126,680	10,254,215	127,535	9,399,651
NET CHANGE IN FUND BALANCE	$ 300,465	591,410	$ 290,945	1,102,957
FUND BALANCE				
Beginning of Year		3,312,368		2,209,411
End of Year		$ 3,903,778		$ 3,312,368

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	2025	2024
ASSETS		
Cash and Investments	$ 42,870,731	$ 19,341,945
Receivables:		
Accounts and Interest Receivable	2,096	107,424
Total Assets	$ 42,872,827	$ 19,449,369
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	$ 56,526	$ 69,690
Payroll Deductions and Employer Contributions Payable	33,822	30,064
Accounts and Contracts Payable	4,370,826	5,909,083
Due to Other Governmental Units	778,884	778,884
Total Liabilities	5,240,058	6,787,721
Fund Balance:		
Restricted for:		
Capital Projects Levy	694,795	323,481
Projects Funded by Certificates of Participation	-	595,612
Long-Term Facilities Maintenance	36,937,974	11,742,555
Total Fund Balance	37,632,769	12,661,648
Total Liabilities and Fund Balance	$ 42,872,827	$ 19,449,369

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	$ 2,500,000	$ 2,500,000	$ -	$ 2,386,301
Earnings and Investments	369,832	820,668	450,836	518,413
State Sources	-	-	-	1,564
Total Revenues	2,869,832	3,320,668	450,836	2,906,278
EXPENDITURES				
Current:				
Salaries	897,135	890,378	(6,757)	847,905
Employee Benefits	250,555	253,329	2,774	255,444
Purchased Services	2,406,623	5,253,780	2,847,157	3,534,209
Supplies and Materials	240,657	115,514	(125,143)	13,718
Other Expenditures	-	-	-	1,564
Capital Outlay	24,804,897	22,636,177	(2,168,720)	17,499,717
Total Expenditures	28,599,867	29,149,178	549,311	22,152,557
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(25,730,035)	(25,828,510)	(98,475)	(19,246,279)
OTHER FINANCING SOURCES				
Sale of Bonds	50,799,631	47,005,000	(3,794,631)	-
Bond Premium	-	3,794,631	-	-
Total Other Financing Sources	50,799,631	50,799,631	(3,794,631)	-
NET CHANGE IN FUND BALANCE	$ 25,069,596	24,971,121	$ (3,893,106)	(19,246,279)
FUND BALANCE				
Beginning of Year		12,661,648		31,907,927
End of Year		$ 37,632,769		$ 12,661,648

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Totals	
	2025	2024
ASSETS		
Cash and Investments	$ 13,579,407	$ 13,078,844
Receivables:		
Current Taxes	9,158,781	9,872,135
Delinquent Taxes	48,027	74,593
Accounts and Interest Receivable	18,304	24,802
Due from Minnesota Department of Education	27,969	33,788
Total Assets	$ 22,832,488	$ 23,084,162
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	$ -	$ 475
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	17,550,725	19,062,937
Unavailable Revenue - Delinquent Taxes	43,244	42,134
Total Deferred Inflows of Resources	17,593,969	19,105,071
Fund Balance:		
Restricted for:		
Debt Service	5,238,519	3,518,229
Total Deferred Inflows of Resources and Fund Balance	$ 22,832,488	$ 23,084,162

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, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	$ 19,062,937	$ 18,937,299	$ (125,638)	$ 18,210,688
Earnings and Investments	275,000	484,241	209,241	404,876
State Sources	255,283	279,695	24,412	337,884
Total Revenues	19,593,220	19,701,235	108,015	18,953,448
EXPENDITURES				
Debt Service:				
Bond Principal	14,149,000	14,149,000	-	13,627,000
Bond Interest	4,287,182	4,287,182	-	4,693,912
Paying Agent Fees and Other	9,000	5,150	(3,850)	6,050
Total Expenditures	18,445,182	18,441,332	(3,850)	18,326,962
EXCESS OF REVENUES OVER EXPENDITURES	1,148,038	1,259,903	111,865	626,486
NET CHANGE IN FUND BALANCE	$ 1,148,038	1,259,903	$ 111,865	626,486
FUND BALANCE				
Beginning of Year		3,978,616		3,352,130
End of Year		$ 5,238,519		$ 3,978,616

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2025

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	$ 154,672,926	$ 154,672,927	$ (1)
Total Expenditures	153,708,464	153,708,463	1
Nonspendable:			
460 Nonspendable Fund Balance	388,770	388,770	-
Restricted:			
401 Student Activities	219,885	219,885	-
403 Scholarships	-	-	-
403 Staff Development	-	-	-
406 Health and Safety	-	-	-
407 Capital Project Levy	1,157,424	1,157,424	-
408 Cooperative Programs	-	-	-
412 Literacy Incentive Aid	51,014	51,014	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	1,974,873	1,974,873	-
426 $25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	113,895	113,895	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
437 Q Comp	255,712	255,712	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	834,245	834,245	-
443 School Library Aid	70,508	70,508	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	24,517	24,517	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
456 READ Act - Literacy Aid	369,605	369,605	-
467 LTFM	(1,279,935)	(1,279,935)	-
472 Medical Assistance	581,439	581,439	-
464 Restricted Fund Balance	-	-	-
Committed:			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
Assigned:			
462 Assigned Fund Balance	11,828,449	11,828,449	-
Unassigned:			
422 Unassigned Fund Balance	17,872,543	17,872,544	(1)
02 FOOD SERVICE			
Total Revenue	8,619,004	8,619,004	-
Total Expenditures	8,052,934	8,052,931	3
Nonspendable:			
460 Nonspendable Fund Balance	154,960	154,960	-
Restricted:			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	6,111,082	6,111,083	(1)
Unassigned:			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	10,845,625	10,845,625	-
Total Expenditures	10,254,215	10,254,212	3
Nonspendable:			
460 Nonspendable Fund Balance	22,306	22,306	-
Restricted:			
426 $25 Taconite	-	-	-
431 Community Education	3,591,883	3,591,885	(2)
432 E.C.F.E.	190,877	190,877	-
440 Teacher Development and Evaluations	-		
444 School Readiness	46,562	46,562	-
447 Adult Basic Education	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	52,150	52,150	-
Unassigned:			
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, 2025

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	$ 3,320,668	$ 3,320,668	$ -
Total Expenditures	29,149,178	29,149,177	1
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
407 Capital Projects Levy	694,795	694,795	-
413 Projects Funded by COP	-	-	-
467 LTFM	36,937,974	36,937,974	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	19,701,235	19,701,234	1
Total Expenditures	18,441,332	18,441,332	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	5,238,519	5,238,519	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Net Position:			
422 Net Position	-	-	-
18 CUSTODIAL			
Total Revenue	90,447	90,447	-
Total Expenditures	102,550	102,550	-
Restricted/Reserved:			
401 Student Activities	2,253	2,253	-
402 Scholarships	141,144	141,144	-
448 Achievement and Integration	-	-	-
20 INTERNAL SERVICE			
Total Revenue	13,605,419	13,605,419	-
Total Expenditures	14,929,444	14,929,444	-
Net Position:			
422 Net Position	4,680,531	4,680,531	-
25 OPEB REVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Net Position:			
422 Net Position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	652,169	652,169	-
Total Expenditures	436,474	436,474	-
Net Position:			
422 Net Position	6,190,857	6,190,857	-
47 OPEB DEBT SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-

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.

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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					Fiscal Year				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net Investment in Capital Assets	$ 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	$ 135,357,644
Restricted	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	29,716,822
Unrestricted	(55,982,696)	(76,298,983)	(116,653,280)	(92,045,424)	(103,859,208)	(102,556,910)	(93,386,345)	(71,685,169)	(58,704,756)	(60,549,848)
Total Governmental Activities Net Position	$ 543,353	$ (28,841,153)	$ (46,721,526)	$ (14,423,704)	$ (15,023,356)	$ (5,751,850)	$ 17,757,949	$ 51,654,362	$ 84,385,201	$ 104,524,618

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental Activities:				
Administration	$ 3,445,202	$ 5,342,876	$ 5,306,744	$ 2,869,939
District Support Services	3,284,288	3,402,100	3,646,410	3,183,384
Regular Instruction	50,865,826	78,046,331	46,515,591	43,362,490
Vocational Education Instruction	1,981,182	2,141,525	2,035,914	1,194,965
Special Education Instruction	17,161,920	24,516,302	26,374,908	15,813,336
Instructional Support Services	10,428,010	13,009,269	13,550,181	7,918,964
Pupil Support Services	9,828,825	12,293,376	13,313,506	11,393,683
Sites and Buildings	17,964,670	20,016,846	42,002,953	17,768,869
Fiscal and Other Fixed Cost Programs	229,175	240,587	254,580	253,396
Food Service	5,329,152	4,917,637	5,123,079	5,824,059
Community Service	6,452,472	7,479,449	7,942,855	7,077,382
Interest and Fiscal Charges on Long-Term Debt	7,372,271	6,806,300	4,607,507	4,334,349
Total Governmental Activities Expenses	134,342,993	178,212,598	170,674,228	120,994,816
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	8,594	1,687	-	207,023
Regular Instruction	1,284,840	1,327,424	1,415,915	1,401,389
Special Education Instruction	223,422	349,566	360,537	398,409
Instructional Support Services	200,258	196,042	200,182	202,201
Sites and Buildings	8,322	9,581	9,361	11,562
Food Service	3,414,224	3,428,642	3,639,494	3,659,363
Community Service	4,332,655	4,715,915	5,392,223	5,782,362
Operating Grants and Contributions	19,477,768	20,815,229	22,527,731	20,137,190
Capital Grants and Contributions	1,228,859	1,530,345	1,966,801	2,203,659
Total Governmental Activities Program Revenues	30,178,942	32,374,431	35,512,244	34,003,158
Net Governmental Activities (Expense)/Revenue	(104,164,051)	(145,838,167)	(135,161,984)	(86,991,658)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purpose	19,891,182	24,055,477	25,972,498	26,432,218
Community Service	563,464	857,994	856,910	861,791
Debt Service	20,029,222	19,049,829	17,605,259	17,027,085
Capital Projects	660,631	2,976,639	1,894,081	1,979,878
Unrestricted State Aid	67,131,311	71,500,079	69,530,133	71,600,202
Unrestricted Investment Earnings	851,689	1,357,206	806,929	1,216,486
Miscellaneous	447,751	287,573	615,801	171,820
Gain on Sale of Capital Assets	-	-	-	-
Total Governmental Activities	109,575,250	120,084,797	117,281,611	119,289,480
Change in Net Position	5,411,199	(25,753,370)	(17,880,373)	32,297,822
Net Position - Beginning, as Previously Stated	(4,867,846)	543,353	(28,841,153)	(46,721,526)
Prior Period Adjustment	-	(3,631,136)	-	-
Net Position - Beginning, as Restated	(4,867,846)	(3,087,783)	(28,841,153)	(46,721,526)
Net Position - Ending	$ 543,353	$ (28,841,153)	$ (46,721,526)	$ (14,423,704)

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					
2020	2021	2022	2023	2024	2025
$ 4,922,490	$ 4,237,426	$ 4,336,194	$ 3,685,199	$ 3,970,409	$ 5,278,111
3,513,516	3,529,396	3,687,034	4,472,810	4,857,579	5,044,877
70,557,757	64,302,241	62,372,604	49,253,855	62,979,118	62,958,157
1,616,409	1,529,612	1,386,290	848,879	1,209,918	1,255,136
24,772,432	24,676,576	22,073,550	20,063,827	24,769,811	29,282,852
10,525,819	11,072,553	9,098,005	8,826,398	10,897,140	12,013,959
13,902,718	17,438,421	12,813,583	13,648,633	15,297,735	15,865,810
16,392,661	17,818,745	18,641,986	22,511,781	15,015,081	25,237,460
338,863	606,849	632,351	817,382	1,096,153	1,294,929
4,262,122	1,640,932	6,533,063	5,986,438	7,853,351	8,052,934
7,593,677	6,135,275	7,044,888	8,181,129	8,301,183	9,768,267
3,894,220	4,388,025	135,846	1,708,125	2,775,156	3,718,641
162,292,684	157,376,051	148,755,394	140,004,456	159,022,634	179,771,133
168,753	209,863	227,976	320,966	122,441	-
998,644	847,444	1,226,412	1,320,281	1,275,342	1,347,409
300,505	408,126	344,526	429,226	378,129	574,091
136,300	40,918	197,935	193,821	173,200	148,749
9,448	5,823	12,032	-	620	-
2,721,332	349,750	1,161,926	3,554,908	1,440,849	1,180,411
5,031,285	3,733,228	5,674,762	6,703,209	7,269,688	7,723,914
24,882,885	32,316,846	35,625,962	27,162,140	35,324,217	39,836,419
2,211,337	1,938,643	1,798,584	2,205,593	1,314,954	1,057,431
36,460,489	39,850,641	46,270,115	41,890,144	47,299,440	51,868,424
(125,832,195)	(117,525,410)	(102,485,279)	(98,114,312)	(111,723,194)	(127,902,709)
29,012,480	30,430,947	30,476,915	35,211,704	38,652,463	39,203,660
939,668	991,904	1,002,523	1,045,159	1,143,562	1,077,403
18,776,189	17,591,545	16,996,637	17,093,335	18,226,671	18,938,289
2,243,001	2,476,513	2,797,523	2,225,096	2,388,395	2,500,131
72,818,607	72,037,933	72,559,729	72,593,683	77,267,790	79,652,257
798,185	3,393	(87,338)	3,315,256	3,842,885	3,959,251
638,359	3,250,049	2,245,658	526,492	2,148,540	2,559,068
6,054	14,632	3,431	-	783,727	152,067
125,232,543	126,796,916	125,995,078	132,010,725	144,454,033	148,042,126
(599,652)	9,271,506	23,509,799	33,896,413	32,730,839	20,139,417
(14,423,704)	(15,023,356)	(5,751,850)	17,757,949	51,654,362	84,385,201
-	-	-	-	-	-
(14,423,704)	(15,023,356)	(5,751,850)	17,757,949	51,654,362	84,385,201
$ (15,023,356)	$ (5,751,850)	$ 17,757,949	$ 51,654,362	$ 84,385,201	$ 104,524,618

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			
	2016	2017	2018	2019
General Fund				
Nonspendable	$ 296,527	$ 135,274	$ 210,909	$ 173,719
Restricted (Formerly Reserved)	516,471	1,535,946	1,328,466	1,719,002
Assigned (Formerly Designated)	3,097,970	2,444,142	2,814,814	2,835,932
Unassigned (Formerly Unreserved)	9,167,649	10,293,579	11,180,798	9,196,321
Total General Fund	$ 13,078,617	$ 14,408,941	$ 15,534,987	$ 13,924,974
All Other Governmental Funds				
Nonspendable:				
Food Service	$ 33,329	$ 98,314	$ 82,246	$ 80,750
Community Service Fund	12,593	19,145	12,659	15,888
Restricted:				
Food Service Fund	774,486	1,162,848	1,593,569	1,385,062
Community Service Fund	806,804	631,787	652,228	722,077
Capital Project Funds	62,578,992	29,108,220	2,433,109	513,816
Debt Service Funds	70,869,122	4,531,725	4,197,506	3,478,347
Total All Other Governmental Funds	$ 135,075,326	$ 35,552,039	$ 8,971,317	$ 6,195,940
Total All Funds	$ 148,153,943	$ 49,960,980	$ 24,506,304	$ 20,120,914

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					
2020	2021	2022	2023	2024	2025
$ 174,282	$ 58,542	$ 260,905	$ 96,263	$ 302,404	$ 388,770
2,210,293	2,150,287	2,015,748	1,633,176	2,443,699	5,653,117
2,996,063	8,816,082	11,482,022	10,516,262	12,589,319	11,828,449
8,020,876	8,394,545	12,367,832	14,195,134	17,950,757	16,592,608
$ 13,401,514	$ 19,419,456	$ 26,126,507	$ 26,440,835	$ 33,286,179	$ 34,462,944
$ 177,873	$ 107,984	$ 151,353	$ 145,643	$ 154,960	$ 154,960
11,958	4,696	9,579	8,460	26,376	22,306
1,535,285	2,325,421	4,423,642	4,564,368	5,545,012	6,111,082
385,942	580,833	1,343,326	2,200,951	3,285,992	3,881,472
397,481	387,994	5,600,138	31,907,927	12,661,648	37,632,769
4,440,843	50,277,605	34,631,352	3,352,130	3,978,616	5,238,519
$ 6,949,382	$ 53,684,533	$ 46,159,390	$ 42,179,479	$ 25,652,604	$ 53,041,108
$ 20,350,896	$ 73,103,989	$ 72,285,897	$ 68,620,314	$ 58,938,783	$ 87,504,052

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			
	2016	2017	2018	2019
Revenues				
Local Sources:				
Property Taxes	$ 41,105,207	$ 46,992,939	$ 46,269,294	$ 46,303,823
Earnings on Investments	836,176	1,328,823	733,946	1,051,401
Other	12,235,246	12,915,551	14,471,276	14,853,020
State Sources	80,455,993	83,554,147	86,883,567	91,369,319
Federal Sources	3,888,957	4,081,481	4,219,267	4,097,254
Total Revenues	138,521,579	148,872,941	152,577,350	157,674,817
Expenditures				
Current:				
Administration	3,772,293	4,134,445	4,161,954	4,154,143
District Support Services	2,950,102	2,916,857	3,315,225	3,101,842
Regular Instruction	47,625,307	50,525,185	51,258,058	55,609,467
Vocational Education Instruction	1,948,773	1,642,922	1,596,160	1,572,167
Special Education Instruction	16,875,960	18,048,642	20,080,847	21,725,366
Instructional Support Services	9,595,473	9,314,024	9,467,393	8,347,619
Pupil Support Services	9,254,940	10,364,426	11,481,382	12,095,059
Sites and Buildings	9,125,931	9,883,532	11,178,646	11,720,433
Fiscal and Other Fixed Cost Programs	229,175	240,587	254,580	253,396
Food Service	5,242,730	4,824,277	5,026,265	5,748,804
Community Service	6,756,809	7,040,992	7,667,442	8,123,098
Capital Outlay	10,731,959	41,142,038	33,660,934	10,780,825
Debt Service:				
Principal	14,599,333	12,352,213	12,180,000	12,500,000
Interest and Fiscal Charges	8,768,095	10,107,748	6,811,550	6,419,657
Total Expenditures	147,476,880	182,537,888	178,140,436	162,151,876
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,955,301)	(33,664,947)	(25,563,086)	(4,477,059)
Other Financing Sources (Uses)				
Proceeds from Sale of Real Property	-	-	12,100	-
Proceeds from Sale of Equipment	11,108	13,741	75,263	24,492
Proceeds from Insurance Recovery	202,500	113,243	21,047	67,177
Face Value of Bonds Issued	62,635,000	-	-	-
Bond Premium	9,566,682	-	-	-
Certificates of Participation Issued	-	-	-	-
Certificates of Participation Premiums	-	-	-	-
Equipment certificates issued	(5,320,000)	(64,655,000)	-	-
Long term lease proceeds	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	67,095,290	(64,528,016)	108,410	91,669
Prior Period Adjustment	-	-	-	-
Net Change in Fund Balances	$ 58,139,989	$ (98,192,963)	$ (25,454,676)	$ (4,385,390)
Debt Service as a Percentage of Noncapital Expenditures	17.1%	15.9%	13.1%	12.5%

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					
2020	2021	2022	2023	2024	2025
$ 50,914,734	$ 51,594,741	$ 51,352,075	$ 55,599,658	$ 60,358,118	$ 61,716,256
693,513	(2,691)	(100,170)	3,070,196	3,493,986	3,714,140
12,407,395	10,498,811	13,831,766	14,859,416	13,263,545	13,689,496
93,474,773	93,126,349	94,401,717	95,093,247	107,833,643	113,479,018
3,964,119	10,980,791	13,591,697	6,938,749	6,414,933	4,560,548
161,454,534	166,198,001	173,077,085	175,561,266	191,364,225	197,159,458
4,735,871	4,770,836	4,556,769	4,488,465	4,798,968	5,038,585
3,252,501	3,392,763	3,501,419	3,968,011	4,341,172	4,161,566
56,798,534	54,324,714	56,127,958	58,050,289	59,756,968	61,644,798
1,495,191	1,429,151	1,431,874	1,121,135	1,291,587	1,446,868
22,768,084	22,799,560	23,119,903	24,681,532	26,362,550	28,817,990
8,546,568	8,949,836	8,315,474	8,570,222	9,899,474	10,522,572
12,708,746	11,779,031	11,931,594	12,257,336	13,516,178	14,006,989
11,998,277	12,028,220	13,278,781	14,295,689	13,156,555	12,965,329
338,863	606,849	632,351	817,382	1,096,153	1,294,929
4,239,152	4,303,948	6,391,501	6,337,465	7,379,081	7,667,678
7,759,823	6,594,492	7,878,330	8,939,228	9,399,324	10,242,731
7,675,967	12,862,946	19,769,643	23,563,269	32,466,978	42,325,455
					-
13,025,000	12,895,000	13,795,115	13,897,119	14,362,653	14,904,495
5,888,029	5,772,895	6,048,621	4,989,387	4,941,331	4,566,138
161,230,606	162,510,241	176,779,333	185,976,529	202,768,972	219,606,123
223,928	3,687,760	(3,702,248)	(10,415,263)	(11,404,747)	(22,446,665)
-	2,106,505	-	-	1,517,000	148,000
6,054	14,632	7,105	250	2,050	4,067
-	297,640	9,422	114,223	204,166	60,236
-	44,080,000	-	34,235,000	-	-
-	2,566,556	-	3,762,604	-	47,005,000
-	-	8,435,000	-	-	3,794,631
-	-	722,337	-	-	-
-	-	6,839,000	-	-	-
-	-	171,292	27,603	-	-
-	-	(13,300,000)	(31,390,000)	-	-
6,054	49,065,333	2,884,156	6,749,680	1,723,216	51,011,934
-	-	-	-	-	-
$ 229,982	$ 52,753,093	$ (818,092)	$ (3,665,583)	$ (9,681,531)	$ 28,565,269
12.3%	12.5%	12.6%	11.6%	11.3%	11.0%

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
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%
2025	2024	10,929,966,000	1,371,900,000	12,301,866,000	27.552%

Notes:

(1) Residential includes single family homes, townhomes and condominiums, and all other property including vacant land, farm, utilities, personal property and railroad property.

(2) Commercial property above includes both commercial and industrial property.

Source: Carver County Department of Property Tax and Public Records

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

		ISD No. 112 Direct Rate (1)					Overlapping Rates (2)		
Fiscal Year Ended June 30,	Payable Year	General Fund Basic Rate	Community Service	General Obligation Debt Service	OPEB	Total Direct School Tax Rate	City of Carver	City of Chanhassen	City of Chaska
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
2025	2024	14.528	0.810	12.214		27.552	39.851	20.956	35.947

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)							
City of Victoria	Dahlgren Township	Laketown Township	San Francisco Township	Metro Council	Metro Transit	Special Districts (2)	Carver County	Total Direct and Overlapping Tax Rate City of Chaska
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
28.438	7.949	11.183	12.933	0.649	1.000	9.987	30.106	105.241

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

	2025			2016		
Taxpayer	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Net Tax Capacity
CenterPoint Energy Minnegasco	$ 1,222,668	1	0.86%	$ 249,063 [1]	2	1.25%
LTF Real Estate	960,798	2	0.68%			
Aurora Investments LLC	821,975	3	0.58%	345,423	7	0.51%
Ridgeview Real Estate LLC	764,506	4	0.54%			
Istar Minnesota LLC	724,642	5	0.51%	430,422	5	0.63%
United Healthcare Services Inc	617,686	6	0.43%	455,320	4	0.67%
Chaska Industrial LLC	584,958	7	0.41%			
Target Corp	493,460	8	0.35%	682,810	3	1.00%
Excel Energy	485,271	9	0.34%	984,283	1	1.44%
IPX West Village Station LLC	452,076	10	0.32%			
Mills Properties Inc.				408,778	6	0.60%
Rosemount Inc.				321,864	8	0.47%
Hazeltine National Golf Club				289,014	9	0.42%
Ameriprise Financial Inc				263,471	10	0.39%
Total	$ 7,128,040		5.02%	$ 4,430,448		7.38%

Source:
(1) Carver County Department of Property Tax and Public Records
(2) 2016 ACFR 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)
2026	2025	22,445,844	8,277,011 (4)	14,108,897	1,163,250	17,550,725		63,545,726 (2)

Notes:
(1) State credits are included in the operating levy.
(2) Original Gross Levy
(3) Collections are through 6/5/25
(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			Total Collections to Date			
Current Tax Collection	Percentage of Levy	Collections in Subsequent Years	Total Tax Collection	Percentage of Levy	Outstanding Delinquent Taxes	Percentage of Levy Outstanding
$ 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%	237,159	46,026,717	100.00%	-	0.00%
46,124,761	99.32%	314,486	46,439,247	100.00%	-	0.00%
48,766,961	99.23%	372,424	48,759,614	99.23%	7,347	0.02%
50,231,392	99.48%	257,845	50,227,714	99.48%	3,678	0.01%
50,445,607	99.76%	114,580	50,441,283	99.76%	4,324	0.01%
55,991,064	99.80%	96,924	55,977,951	99.80%	13,113	0.02%
59,748,525	99.45%	295,550	59,710,935	99.45%	37,590	0.06%
61,633,048	99.81%	30,000	61,545,044	99.81%	88,004	0.14%
30,524,836	48.04%	-	30,524,836 (3)	48.04%	-	0.00%

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities								
Fiscal Year	General Obligation Bonds	General Obligation Equipment Certificates	Long-Term Leases Payable	Certificates of Participation	Financed Purchases	Total Primary Government (1)	Percentage of Personal Income (2)	Estimated Population (3)	Per Capita
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	1,511,894	7,875,000	867,020	140,593,284	1.76%	63,230	2,224
2025	162,297,498	3,583,000	1,308,662	7,535,000	654,764	175,378,924	2.05%	67,307	2,606
2026	149,187,656	2,706,000	1,194,670	7,190,000	439,536	160,717,862	N/A	N/A	N/A

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, 2025
(UNAUDITED)

Fiscal Year 2025 (Payable Year 2024)	Adjusted Taxable Net Tax Capacity*	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping:				
Carver County	$ 233,454,753	$ 12,420,000	58.6%	$ 7,276,928
Cities:				
Carver	11,061,770	16,665,000	100.0%	16,665,000
Chanhassen	69,101,884	26,870,000	68.0%	18,279,527
Chaska	50,564,554	37,725,000	100.0%	37,725,000
Victoria	28,415,133	14,875,000	78.6%	11,685,696
Townships:				
Dahlgren	4,396,324	-		-
Laketown	4,930,622	735,000	29.3%	215,641
San Francisco	2,563,475	-		-
Metropolitan Council	6,313,906,529	191,435,000	2.2%	4,147,248
Total Overlapping				95,995,039
Direct:				
Eastern Carver County Schools ISD No. 112	136,782,116	154,823,000	100.0%	154,823,000
Total Direct and Overlapping Bonded Debt				$ 250,818,039

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

*Adjusted Taxable Net Tax Capacity includes adjusted tax capacity and distribution tax capacity

Source: District's financial advisor

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
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%
2025	2024	162,297,498	127,638,915	127.15%	67,307	2,411	13,256,321,121	1,988,448,168	1,826,150,670	8.16%	1.22%

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 *(thousands of dollars)*	Per Capita Personal Income	Enrollment in ADMs	Carver Co. Unemployment Rate
	(1)	(2)	(2)	(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	2.4%
2024	63,230	126,089	60,967	9,096	2.6%
2025	67,307	127,312	70,302	9,101	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)

	2025 (1)		2016 (2)	
Employer	Estimated Employees	Rank	Estimated Employees	Rank
Ridgeview Medical Center	2,600	1	1,500	1
ISD #112	1,542	2	1,397	2
Beckman Coulter, Inc.	1,000	3	780	7
Instant Web Companies (IWCO Direct)	1,000	4	1,100	5
Carver County	850	5	800	9
Entergris, Inc.	700	6	1,000	6
City of Chaska	610	7		
Integer	600	8		
The Bernard Group	600	9		
General Mills	600	10		
Rosemount Inc.			1,376	3
Lifetime Fitness			1,166	4
FSI International, Inc.			850	8
Lake Region Manufacturing Co.			745	10
Total	10,102		10,714	

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) EHLERS Public Finance Advisors. 2025A Bonding Document. (This listing may not be a comprehensive listing for all district employers)

(2) 2016 ACFR 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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administrative Staff										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	13.7	15.0	13.8	13.7	13.8	13.7	14.1	13.9	13.7	12.0
Assistant Administrators (Asst. Principals & Asst. Superintendent)	9.6	9.9	8.9	9.0	9.0	9.0	9.8	9.0	8.6	11.0
Supervisory Coordinator	4.0	4.0	5.0	4.0	5.0	5.5	6.0	8.8	8.8	9.4
Total Administrative Staff	**28.3**	**29.9**	**28.7**	**27.7**	**28.8**	**29.2**	**30.9**	**32.7**	**32.1**	**33.4**
Support Service Staff										
Administrative Deans	13.6	14.3	14.0	15.1	15.2	14.0	14.0	14.0	14.1	13.0
Counselors	19.3	20.5	20.4	19.4	19.7	19.4	19.5	21.8	19.4	20.5
Media/Librarian	12.6	12.6	12.6	12.6	12.5	12.5	13.1	10.7	12.6	11.7
Nurse	13.7	13.2	13.8	14.1	14.9	14.6	12.9	14.4	13.6	15.7
Social Worker	6.0	6.0	6.6	7.5	8.3	7.3	8.7	12.8	12.9	13.0
Psychologists	6.3	7.7	8.7	8.6	9.4	9.6	8.5	8.0	8.0	8.7
District-Wide Development Support (1)	31.0	34.2	32.7	31.9	31.2	24.3	25.5	24.1	29.1	31.5
Total Support Service Staff	**102.4**	**108.4**	**108.8**	**109.2**	**111.1**	**101.7**	**102.2**	**105.8**	**109.7**	**114.0**
Special Education Teachers										
Speech Language	17.4	19.1	19.7	19.5	18.9	19.5	19.9	19.4	20.1	21.5
Other Special Education Teachers	98.8	104.6	111.9	113.8	116.4	115.4	116.4	114.1	111.5	108.8
Total Special Education Teachers	**116.2**	**123.7**	**131.6**	**133.3**	**135.3**	**134.9**	**136.3**	**133.5**	**131.6**	**130.4**
Classroom Teachers										
K-12 Teacher	463.2	467.7	469.0	468.6	475.0	445.6	441.4	442.3	444.1	437.0
Vocational Education Teacher	9.4	9.3	8.5	9.9	9.4	7.5	7.4	6.4	9.5	8.9
Pre-K, ECFE, and Other Teacher	9.3	8.4	12.1	12.1	16.1	13.0	14.1	13.2	12.1	15.2
Total Classroom Teachers	**481.9**	**485.4**	**489.6**	**490.6**	**500.5**	**466.1**	**462.9**	**461.9**	**465.7**	**461.2**
Total Licensed Staff (2)	**728.8**	**747.4**	**758.7**	**760.8**	**775.7**	**732.0**	**732.3**	**733.9**	**739.0**	**738.9**

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
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
2025	9,101	219,606,123	24,130	8.24%	591.5	15.4

Notes:
(1) Enrollment in adjusted average daily membership (ADM) is the net of all students served, which includes residents, plus open enrollment in and out to other Minnesota school districts.
(2) Total Governmental Fund Expenditures includes General, Food Service Special Revenue, Community Education Special Revenue, Capital Project - Building Construction and Debt Service Funds.
(3) Classroom Teaching Staff includes licensed teachers in Special Education, Pre-K thru Grade 12 and ECFE.
(4) Large increase in expenses are indicative of major building construction funds such as in 2017 when Carver Elementary was completed. As major construction projects are completed, large decreases in expenses may occur as in 2018 and 2019.

Source: District records

INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHOOL FACILITIES INFORMATION
JUNE 30, 2025
(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	439
Carver Elementary	School	K-5	2017	2022	133,450	790
Chanhassen Elementary	School	K-5	1967	1970, 2005, 2014	67,056	451
Bluff Creek Elementary	School	K-5	1995	2001	112,549	465
Clover Ridge Elementary	School	K-5	2001	2016	103,197	627
Victoria Elementary	School	K-5	2005	2016	107,300	666
Jonathan Elementary	School	K-5	1991		85,100	543
Chaska Middle East	School	6-8	1974	2000	158,563	655
Chaska Middle West	School	6-8	1962	1968, 1970, 1991, 2004	155,352	758
Pioneer Ridge Middle	School	6-8	2002	2018	151,188	550
Chaska High School	School	9-12	1996	2005	410,336	1,465
Chanhassen High School	School	9-12	2009		410,000	1,314
Integrated Arts Academy (ALC)	School	9-12	part of DEC		16,505 (3)	57
Family Learning Center	Special/Early Child/ Adult Education		1969	1993	58,061	75
STAR Building	Transitional Program		1976		10,739	36
District Education Center (DEC)	Office		1969	1993, 2000, 2014, 2015	38,358	
District Transportation Center	Garage		1971	1973, 1976, 1990, 1993	45,800	
Victoria Field House (4)	Athletics		2008		36,798	
Other Programs (5)	Various Facilities					
ALC Middle School						75
Targeted Services						
All Other (Includes Anicca, Tuition, Etc.)						89
Total					2,164,367	9,055

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 11/10/24 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)
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	-
2025	15,469	1,687,791	1,340,189	283,293	64,309	-

Year Ended June 30,	Student Regular Lunch Prices		
	Elementary	Middle	High School (1)
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)
2025	-	-	- (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 t 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, 2025
(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	4,000,000 Per Occ. / 8,000,000 Agg.
Law Enforcement Liability	4,000,000 Per Occ. / 8,000,000 Agg.
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	979,313,395
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