PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 26, 2019

In the opinion of Bond Counsel, under present federal and State of Minnesota laws, regulations and rulings, the interest to be paid on the Certificates of this offering is not includible in gross income of the recipient for United States or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. Interest on the Certificates is includible in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax. See "Tax Exemption" herein for a discussion of federal tax legislation.

The District will NOT designate the Certificates as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Certificates to the extent permitted under prior law.

New Issue **Rating Application Made: Moody's Investors Service, Inc.**

INDEPENDENT SCHOOL DISTRICT NO. 284
(WAYZATA PUBLIC SCHOOLS), MINNESOTA
(Hennepin County)

$17,000,000* CERTIFICATES OF PARTICIPATION, SERIES 2019B

PROPOSAL OPENING: October 10, 2019, 10:00 A.M., C.T.
CONSIDERATION: Not later than 11:59 P.M., C.T. on October 10, 2019 (PARAMETERS RESOLUTION)

PURPOSE/AUTHORITY/SECURITY: The $17,000,000* Certificates of Participation, Series 2019A (the "Certificates") are being issued pursuant to Minnesota Statutes, Section 465.71, by Independent School District No. 284 (Wayzata Public Schools), Minnesota (the "District") for the purpose of financing an addition to Oakwood Elementary School. The Certificates will be special obligations of the District payable from and secured by a pledge of lease payments required to be made by the District to U.S. Bank National Association (the "Trustee") pursuant to a Lease-Purchase Agreement (the "Lease") to be entered into between the District and Trustee. **THE CERTIFICATES DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE DISTRICT AND ARE NOT A CHARGE AGAINST THE GENERAL CREDIT OF THE DISTRICT**. Delivery is subject to receipt of an approving legal opinion of Knutson, Flynn & Deans, P.A., Mendota Heights, Minnesota.

DATE OF CERTIFICATES: November 14, 2019

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2021	$425,000	2028	$780,000	2035	$995,000
2022	580,000	2029	820,000	2036	1,025,000
2023	610,000	2030	860,000	2037	1,055,000
2024	640,000	2031	885,000	2038	1,090,000
2025	675,000	2032	910,000	2039	1,125,000
2026	705,000	2033	940,000	2040	1,165,000
2027	745,000	2034	970,000		

MATURITY ADJUSTMENTS: * The District reserves the right to increase or decrease the principal amount of the Certificates on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2021 and semiannually thereafter.

OPTIONAL REDEMPTION: Certificates maturing on February 1, 2029 and thereafter are subject to call for prior optional redemption on February 1, 2028 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: $16,830,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $340,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT AND TRUSTEE: U.S. Bank National Association

BOND COUNSEL: Knutson, Flynn & Deans, P.A.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Certificates in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the District and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the District, is contingent upon the delivery of the Certificates.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over $1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the District for dissemination to potential investors. Its primary purpose is to disclose information regarding the Certificates to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over $1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the District is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Certificates, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Certificates and all times subsequent thereto up to and including the time of the delivery of the Certificates, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Certificates; (3) a certificate evidencing the due execution of the Certificates, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Certificates, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Certificates have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the District which indicates that the District does not expect to use the proceeds of the Certificates in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

WAYZATA PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
Sarah Johansen	Chairperson	January 2022
Andrea Cuene	Vice Chairperson	January 2022
Erik Brown	Treasurer	January 2020
Linda Cohen	Member	January 2020
Bonita Lucky	Member	January 2020
Chris McCullough	Member	January 2022
Cheryl Polzin	Clerk	January 2020

ADMINISTRATION

Chace Anderson, Superintendent of Schools

James Westrum, Exec. Dir. Finance & Business Services

PROFESSIONAL SERVICES

Knutson, Flynn & Deans, P.A., Bond Counsel, Mendota Heights, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(*Other offices located in Waukesha, Wisconsin and Denver, Colorado*)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 284 (Wayzata Public Schools), Minnesota (the "District") and the issuance of its $17,000,000* Certificates of Participation, Series 2019A (the "Certificates" or the "Obligations"). Any descriptions or summaries of the Certificates, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Certificates to be included in the resolution authorizing the issuance and sale of the Certificates ("Award Resolution").

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the District's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE CERTIFICATES

GENERAL

The Certificates will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of November 14, 2019. The Certificates will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2021, to the registered owners of the Certificates appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Certificates of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Certificates will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Certificates are held under the book-entry system, beneficial ownership interests in the Certificates may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Certificates shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Certificates shall be payable as provided in the Award Resolution.

The District has selected U.S. Bank National Association, St. Paul, Minnesota, to act as paying agent (the "Paying Agent") and Trustee (the "Trustee"). The District will pay the charges for Paying Agent and Trustee services. The District reserves the right to remove the Paying Agent and/or Trustee and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION AND EXTRAORDINARY REDEMPTION

At the option of the District, the Certificates maturing on or after February 1, 2029 shall be subject to optional redemption prior to maturity on February 1, 2028 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Certificates subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Certificates to be redeemed shall be at the discretion of the District. If only part of the Certificates having a common maturity date are called for redemption, then the District or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

The Certificates shall be subject to extraordinary redemption and prepayment, in whole or in part, at the option of the District on any date, in certain cases of damage, destruction or condemnation as described in Article VI of the Lease Purchase Agreement, and subject to a determination by the District that rebuilding, restoration and replacement of the Project would not be economically feasible.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Certificate to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Certificates are being issued by the District pursuant to Minnesota Statutes, Section 465.71, and a Trust Agreement (the "Trust Agreement") dated as of November 14, 2019 between the District and U.S. Bank National Association (the "Trustee").

The Certificates are being issued to finance the betterment of the School site and all additions and improvements to be constructed on the Site with the proceeds of the Certificates, and the fixtures to be installed thereon or therein (the "Project"). The Certificates will be special obligations of the District payable from and secured by a pledge of lease payments required to be made by the District to the Trustee pursuant to a Lease Purchase Agreement (the "Lease") to be entered into between the District and the Trustee.

The Trustee and the District will enter into a Ground Lease Agreement (the "Ground Lease") dated as of November 14, 2019, under which the Trustee has agreed to lease certain real property (the "Site") from the District.

Pursuant to the Agreement, the District will assign to the Trustee its interest in the Lease and the Lease Payments to be made thereunder (except for certain rights of the District to indemnification and payment of expenses) and will grant to the Trustee a security interest in the financed Project. Lease Payments are unconditional and subject to annual appropriations by the governing body of the District in each year sufficient to pay such Lease Payments as described herein.

Brief descriptions of the Trustee, the District, the Project, the Lease, the Ground Lease, and the Trust Agreement are included below. Such descriptions do not purport to be comprehensive or definitive.

> ***The Trustee*** has the authority to lease property, to acquire and lease the Project to the District pursuant to the Lease and to receive and pledge the revenues from the Project, in accordance with the terms of the Lease and as provided in the Trust Agreement. The Trustee is authorized to enter into the Trust Agreement and the Lease.

The District is a body politic and corporate, organized under and pursuant to the Constitution and laws of the State of Minnesota. The District has the right and lawful authority to lease the Project from the Trustee and to make rental payments therefor as set forth in the Lease.

The Project consists of the betterment of the Site and all additions and improvements to be constructed on the Site with the proceeds of the Certificates, and the fixtures, to be installed thereon or therein.

The Lease: Pursuant to the Lease, the Trustee will lease the Project to the District, subject to the District's right to terminate the Lease at the end of any Fiscal Year. Lease Payments are to be made by the District in amounts sufficient to pay the principal of and interest on the Certificates when due.

Ground Lease: Pursuant to the Ground Lease, the District will lease the site on which the Project is to be constructed to the Trustee.

The Trust Agreement: The District will issue the Certificates pursuant to the Trust Agreement, and the Trust Agreement sets forth the rights and obligations of the District, the Trustee and the Certificateholders with respect thereto.

ESTIMATED SOURCES AND USES*

Sources			
	Par Amount of Certificates	$17,000,000	
	Reoffering Premium	891,282	
	Total Sources		**$17,891,282**
Uses			
	Total Underwriter's Discount (1.000%)	$170,000	
	Costs of Issuance	91,375	
	Deposit to Capitalized Interest (CIF) Fund	300,000	
	Deposit to Project Construction Fund	17,329,907	
	Total Uses		**$17,891,282**

*Preliminary, subject to change.

SECURITY

The Certificates are valid and binding special, limited obligations of the District payable solely from and secured by a pledge of lease payments to be made to the Trustee by the District pursuant to the Lease. The Certificates do not constitute a general obligation of the District and are not a charge against the general credit of the District.

The lease payments under the terms of the Lease will be payable solely from District funds which are normally budgeted and appropriated by the Board of Education and which may be terminated by action of the Board of Education. The District's obligation to make lease payments under the Lease is subject to its annual right to terminate the Lease at the end of any fiscal year by failure to appropriate the funds. (See Risk Factors herein).

In the event the annual appropriation is not made, the Trustee is entitled to repossession and the right to re-lease the building and its interest in the land. The Trustee, on behalf of the owners of the Certificates, will attempt to sublease and operate the Project. There is no assurance that the Trustee will be able to re-lease the interest in the building and land, or to do so for amounts that would pay all interest and principal on the Certificates.

CONCURRENT FINANCING

By means of a separate Preliminary Official Statement, the District will be offering for sale its General Obligation Tax Abatement Bonds, Series 2019A (the "Concurrent Obligations" or the "Series 2019A Bonds"), which are scheduled to close on November 7, 2019.

RATING

General obligation debt of the District, with the exception of any outstanding credit enhanced issues, is currently rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and the District's Series 2014A Bonds have a current underlying rating of "AAA" by S&P Global Ratings. The District's Series 2013A Certificates of Participation currently have an underlying rating of "Aa1" by Moody's.

The District has requested a rating on the Certificates from Moody's and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Certificates, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the underwriter undertake responsibility to bring to the attention of the owner of the Certificates any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Certificates, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the District shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the District shall execute and deliver a Continuing Disclosure Certificate, under which the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the District to comply with any Disclosure Undertaking will not constitute an event of default on the Certificates. However, such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

The District did not meet its disclosure obligation by not filing certain operating data in the last five years as required by the Rule. Prior continuing disclosure undertakings entered into by the District included language stating that an Annual Report including the District's audited financial statements and operating data would be filed "as soon as available." Although the District did not always comply with this requirement, the Annual Reports were timely filed within the required timeframes provided for in each undertaking. Except to the extent that the preceding is deemed to be material, the District believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

An opinion as to the validity of the Certificates and the exemption from taxation of the interest thereon will be furnished by Knutson, Flynn & Deans, P.A., Mendota Heights, Minnesota, Bond Counsel to the District, and will be available at the time of delivery of the Certificates. The legal opinion will state that the Certificates are valid and binding special obligations of the District; provided that the rights of the owners of the Certificates and the enforceability of the Certificates may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION AND RELATED CONSIDERATIONS

In the opinion of Knutson, Flynn & Deans, P.A., as Bond Counsel, on the basis of laws in effect on the date of issuance of the Certificates, interest on the Certificates is not includible in gross income for federal income tax purposes or in taxable net income of individuals, estates and trusts for Minnesota income tax purposes. Interest on the Certificates is includible in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax. Certain provisions of the Internal Revenue Code of 1986, as amended (the Code), however, impose continuing requirements that must be met after the issuance of the Certificates in order for interest thereon to be and remain not includible in federal gross income and in Minnesota taxable net income. Noncompliance with such requirements by the Issuer may cause the interest on the Certificates to be includible in federal gross income and in Minnesota taxable net income, retroactive to the date of issuance of the Certificates, irrespective in some cases of the date on which such noncompliance occurs or is ascertained. No provision has been made for redemption of or for an increase in the interest rate on the Certificates in the event that interest on the Certificates becomes includible in federal gross income or Minnesota taxable net income.

Interest on the Certificates is not an item of tax preference includible in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to all taxpayers or the Minnesota alternative minimum tax applicable to individuals, estates and trusts, and is not includible in adjusted current earnings in determining the alternative minimum taxable income of corporations for purposes of the federal alternative minimum tax, and the environmental tax imposed by Section 59A of the Code. Interest on the Certificates may be includible in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includible in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to fifteen percent of the interest on the Certificates that is received or accrued during the taxable year. Section 86 of the Code requires recipients of certain Social Security and railroad retirement benefits to take into account interest on the Certificates in determining the taxability of such benefits. Passive investment income, including interest on the Certificates, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent of its gross receipts is passive investment income. Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Certificates.

The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from receipt of interest on the Certificates. Prospective purchasers or Bondholders should consult their tax advisors with respect to collateral tax consequences, including without limitation the calculations of alternative minimum tax, environmental tax or foreign branch profits tax liability or the inclusion of Social Security or other retirement payments in taxable income. Except as stated in its opinion, no opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on or arising with respect to ownership of the Certificates.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will NOT designate the Certificates as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Certificates to the extent permitted under prior law.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the Certificates. The Municipal Advisor cannot participate in the underwriting of the Certificates. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the District, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the District under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2018 have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A. ("MMKR"), Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as “APPENDIX A – FINANCIAL STATEMENTS”. The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Certificates without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Non-Appropriation Risk: The District's obligation to make annual lease payments on the Certificates is subject to annual appropriation by the School Board for each fiscal year during the term of the Lease. In the event the annual appropriation is not made, the Trustee is entitled to repossession and the right to re-lease the building(s) and the Trustee's interest in the land. There is no assurance that the Trustee will be able to re-lease the interest in the building(s) and land, or to do so for amounts that would pay all interest and principal on the Certificates.

Ratings; Interest Rates: In the future, the District's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Certificates for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Certificates may fall for purposes of resale. Noncompliance following the issuance of the Certificates with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Certificates in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Certificates, or for an increase in the interest rate on the Certificates, in the event that interest on the Certificates becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the District to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Certificates. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Certificates in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Certificates and their market price.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Certificates to the accounts of the Beneficial Owners of the Certificates may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the District to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Certificates.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the District, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the District may have an adverse effect on the value of the Certificates in the secondary market.

Secondary Market for the Certificates: No assurance can be given that a secondary market will develop for the purchase and sale of the Certificates or, if a secondary market exists, that such Certificates can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Certificates at the request of the owners thereof. Prices of the Certificates as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Certificates. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Certificates will be similarly qualified.

Cybersecurity: The District is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2016/17	2017/18	2018/19
Residential homestead[1]	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%
Agricultural homestead[1]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $2,050,000 - 0.50% [2] Over $2,050,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,940,000 - 0.50% [2] Over $1,940,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,900,000 - 0.50% [2] Over $1,900,000 - 1.00% [2]
Agricultural non-homestead	Land - 1.00% [2]	Land - 1.00% [2]	Land - 1.00% [2]
Seasonal recreational residential	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]
Residential non-homestead:	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City[4] - 1.25% Affordable Rental: First $115,000 - .75% Over $115,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $121,000 - .75% Over $121,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $139,000 - .75% Over $139,000 - .25%
Industrial/Commercial/Utility[5]	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%

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1 A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

2 Applies to land and buildings. Exempt from referendum market value tax.

3 Exempt from referendum market value tax.

4 Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

5 The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2018/19 Economic Market Value $14,861,852,115[1]

		2018/19 Assessor's Estimated Market Value	2018/19 Net Tax Capacity
Real Estate		$13,942,217,000	$171,537,956
Personal Property		108,821,600	2,156,527
Total Valuation		$14,051,038,600	$173,694,483
Less:	Captured Tax Increment Tax Capacity[2]		(4,911,203)
	Fiscal Disparities Contribution[3]		(20,319,665)
	Power Line Adjustment[4]		(145)
Taxable Net Tax Capacity			$148,463,470
Plus:	Fiscal Disparities Distribution[3]		7,138,916
Adjusted Taxable Net Tax Capacity			$155,602,386

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for Independent School District No. 284 (Wayzata Public Schools) is about 96.35% of the actual selling prices of property most recently sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the District of $14,861,852,115.

2 The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts located in the District.

3 Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base since 1972 to an area pool which is then distributed among the municipalities on the basis of population, and fiscal capacity indicated market value as determined by the Minnesota Department of Revenue. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

4 Ten percent of the net tax capacity of certain high voltage transmission lines is removed when setting local tax rates. However, taxes are paid on the full value of these lines. The taxes attributable to 10% of value of these lines are used to fund a power line credit. Certain property owners receive a credit when the high voltage transmission line runs over their property.

2018/19 NET TAX CAPACITY BY CLASSIFICATION

	2018/19 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$103,701,082	59.70%
Agricultural	215,283	0.12%
Commercial/industrial	52,358,587	30.14%
Public utility	437,758	0.25%
Railroad operating property	481,854	0.28%
Non-homestead residential	11,560,280	6.66%
Commercial & residential seasonal/rec.	2,616,741	1.51%
Other	166,371	0.10%
Personal property	2,156,527	1.24%
Total	$173,694,483	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Adjusted Taxable Net Tax Capacity[2]	Percent +/- in Estimated Market Value
2014/15	$10,866,187,300	$10,685,849,455	$133,699,865	$119,387,108	+8.12%
2015/16	11,580,036,400	11,410,014,227	142,719,511	127,889,210	+6.57%
2016/17	12,411,170,500	12,249,671,471	153,081,454	137,065,123	+7.18%
2017/18	13,180,682,800	13,028,383,691	163,205,147	146,488,264	+6.20%
2018/19	14,051,038,600	13,916,257,860	173,694,483	155,602,386	+6.60%

[1] Net Tax Capacity is before fiscal disparities adjustments and includes tax increment and power line values.

[2] Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGER TAXPAYING PARCELS[1]

Taxpayer	Type of Property	2018/19 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Brookfield Properties	Commercial	$ 2,105,354	1.21%
Medica Health Plans	Commercial	1,388,930	0.80%
AX 601 Tower LP	Commercial	1,219,250	0.70%
IRET Properties	Apartments	1,112,500	0.64%
TFO Reva Wildamerica PCC	Commercial	1,091,070	0.63%
WHQ LLC	Commercial	979,250	0.56%
Pembroke TCM Atria LLC	Commercial	975,850	0.56%
RREEF America Reit II Corp.	Apartments	914,338	0.53%
CVIII Vicksburg Village LLC	Apartments	682,825	0.39%
Centerpoint Energy	Utility	578,666	0.33%
Total		$11,048,033	6.36%

District's Total 2018/19 Net Tax Capacity $173,694,483

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpaying parcels have been furnished by Hennepin County.

[1] Hennepin County has provided only the ten largest taxpaying ***parcels*** which appear on the tax rolls of the County, and therefore the information stated above may not be reflective of the entire valuation of all parcels and may not include all classifications of property.

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by tax abatement revenues (includes the Series 2019A Bonds)*	$ 7,290,000
Total G.O. debt secured by taxes	215,880,000
Total General Obligation debt*	$223,170,000

Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations[2] (includes the Series 2019B Certificates)*	$ 29,729,323

*Preliminary, subject to change.

STATE AID FOR DEBT SERVICE

The Minnesota Debt Service Equalization program provides state aid to finance a portion of the principal and interest payments on most school district bonds. Bonds not eligible for the program include all alternative facilities bonds, facilities maintenance bonds, capital facilities bonds and OPEB bonds, as well as building bonds with relatively short maturities.

Under the Debt Service Equalization Formula (the Formula) adopted by the 2001 Minnesota State Legislature, each school district is responsible for the amount of its qualifying annual debt service which is equal to 15.74% of its Adjusted Net Tax Capacity (ANTC). The District does not currently qualify for debt service equalization aid.

In addition to debt service equalization aid, some school districts will qualify for state Long Term Facilities Maintenance Aid to finance a portion of the payments on Alternative Facilities Bonds and Facilities Maintenance Bonds, pursuant to the Long Term Facilities Maintenance Revenue (LTFMR) program approved by the State in 2015. If any aid is received, it is deposited into the District's debt service fund and must be used for payments on the bonds; any payment of state aid into the debt service fund causes a reduction in the tax levy for Alternative Facilities Bonds and Facilities Maintenance Bonds. The amount of aid received in the debt service fund will vary each year, depending on a number of factors. The District does not currently qualify for Long Term Facilities Maintenance Aid.

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1 Outstanding debt is as of the dated date of the Obligations.

2 Non-general obligation debt has not been included in the debt ratios.

Independent School District No. 284 (Wayzata Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Abatement Revenues
(As of 11/14/2019)

	Tax Abatement Bonds Series 2019A							
Dated	11/07/2019							
Amount	$7,290,000*							
Maturity	02/01							
Fiscal Year Ending	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2021	295,000	340,030	295,000	340,030	635,030	6,995,000	4.05%	**2021**
2022	375,000	260,950	375,000	260,950	635,950	6,620,000	9.19%	**2022**
2023	395,000	242,200	395,000	242,200	637,200	6,225,000	14.61%	**2023**
2024	410,000	222,450	410,000	222,450	632,450	5,815,000	20.23%	**2024**
2025	435,000	201,950	435,000	201,950	636,950	5,380,000	26.20%	**2025**
2026	455,000	180,200	455,000	180,200	635,200	4,925,000	32.44%	**2026**
2027	475,000	157,450	475,000	157,450	632,450	4,450,000	38.96%	**2027**
2028	495,000	138,450	495,000	138,450	633,450	3,955,000	45.75%	**2028**
2029	515,000	118,650	515,000	118,650	633,650	3,440,000	52.81%	**2029**
2030	530,000	103,200	530,000	103,200	633,200	2,910,000	60.08%	**2030**
2031	550,000	87,300	550,000	87,300	637,300	2,360,000	67.63%	**2031**
2032	565,000	70,800	565,000	70,800	635,800	1,795,000	75.38%	**2032**
2033	580,000	53,850	580,000	53,850	633,850	1,215,000	83.33%	**2033**
2034	600,000	36,450	600,000	36,450	636,450	615,000	91.56%	**2034**
2035	615,000	18,450	615,000	18,450	633,450	0	100.00%	**2035**
	7,290,000	2,232,380	7,290,000	2,232,380	9,522,380			

* Preliminary, subject to change.

Independent School District No. 284 (Wayzata Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 11/14/2019)

	Capital Facilities Bonds Series 2010A		Alternative Facilities Bonds Series 2012A		School Building Bonds Series 2014A		Alternative Facilities Bonds Series 2014B		School Building Refunding Bonds Series 2015A	
Dated	04/15/2010		05/02/2012		05/22/2014		05/22/2014		11/17/2015	
Amount	$5,000,000		$15,800,000		$109,645,000		$27,160,000		$1,820,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2020	555,000	8,325	1,400,000	163,125	1,505,000	1,888,113	0	482,097	915,000	9,150
2021			1,825,000	298,250	1,975,000	3,746,125	0	964,194		
2022			1,900,000	261,750	2,005,000	3,686,875	0	964,194		
2023			3,800,000	219,000	2,135,000	3,626,725	0	964,194		
2024			3,500,000	105,000	3,770,000	3,562,675	855,000	964,194		
2025					6,825,000	3,449,575	1,525,000	938,544		
2026					7,150,000	3,244,825	1,595,000	877,544		
2027					7,365,000	3,030,325	1,635,000	813,744		
2028					7,610,000	2,809,375	1,700,000	748,344		
2029					8,700,000	2,581,075	1,945,000	680,344		
2030					9,030,000	2,233,075	2,030,000	602,544		
2031					9,350,000	1,871,875	2,110,000	539,106		
2032					9,695,000	1,544,625	2,185,000	470,531		
2033					10,085,000	1,181,063	2,270,000	399,519		
2034					10,495,000	802,875	2,355,000	322,906		
2035					10,915,000	409,313	2,445,000	243,425		
2036							4,510,000	157,850		
2037										
2038										
	555,000	8,325	12,425,000	1,047,125	108,610,000	39,668,513	27,160,000	11,133,272	915,000	9,150

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Independent School District No. 284 (Wayzata Public Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 11/14/2019)

	School Building Bonds Series 2018A							
Dated	02/15/2018							
Amount	$66,895,000							
Maturity	02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2020	940,000	1,231,372	5,315,000	3,782,181	9,097,181	210,565,000	2.46%	**2020**
2021	2,310,000	2,434,544	6,110,000	7,443,113	13,553,113	204,455,000	5.29%	**2021**
2022	3,250,000	2,319,044	7,155,000	7,231,863	14,386,863	197,300,000	8.61%	**2022**
2023	2,300,000	2,156,544	8,235,000	6,966,463	15,201,463	189,065,000	12.42%	**2023**
2024	1,250,000	2,041,544	9,375,000	6,673,413	16,048,413	179,690,000	16.76%	**2024**
2025	2,190,000	1,991,544	10,540,000	6,379,663	16,919,663	169,150,000	21.65%	**2025**
2026	3,070,000	1,882,044	11,815,000	6,004,413	17,819,413	157,335,000	27.12%	**2026**
2027	3,030,000	1,728,544	12,030,000	5,572,613	17,602,613	145,305,000	32.69%	**2027**
2028	3,140,000	1,577,044	12,450,000	5,134,763	17,584,763	132,855,000	38.46%	**2028**
2029	2,260,000	1,420,044	12,905,000	4,681,463	17,586,463	119,950,000	44.44%	**2029**
2030	2,365,000	1,329,644	13,425,000	4,165,263	17,590,263	106,525,000	50.66%	**2030**
2031	2,470,000	1,252,781	13,930,000	3,663,763	17,593,763	92,595,000	57.11%	**2031**
2032	2,530,000	1,169,419	14,410,000	3,184,575	17,594,575	78,185,000	63.78%	**2032**
2033	2,560,000	1,093,519	14,915,000	2,674,100	17,589,100	63,270,000	70.69%	**2033**
2034	2,600,000	1,016,719	15,450,000	2,142,500	17,592,500	47,820,000	77.85%	**2034**
2035	2,645,000	938,719	16,005,000	1,591,456	17,596,456	31,815,000	85.26%	**2035**
2036	5,955,000	859,369	10,465,000	1,017,219	11,482,219	21,350,000	90.11%	**2036**
2037	10,525,000	680,719	10,525,000	680,719	11,205,719	10,825,000	94.99%	**2037**
2038	10,825,000	351,813	10,825,000	351,813	11,176,813	0	100.00%	**2038**
	66,215,000	27,474,966	215,880,000	79,341,350	295,221,350			

Independent School District No. 284 (Wayzata Public Schools), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 11/14/2019)

	Certificates of Participation Series 2013A		Athletic Fields 2015 Lease		School Addition 2017 Lease		Certificates of Participation Series 2019B							
Dated Amount	02/27/2013 $9,980,000		11/12/2015 $3,986,000		09/14/2017 $5,030,000		11/14/2019 $17,000,000*							
Maturity	10/01		08/01 Final Maturity 02/01		10/01 Final Maturity 04/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2020	0	61,960	194,274	30,846	154,657	49,656	0	0	348,931	142,462	491,393	29,380,391	1.17%	**2020**
2021	645,000	117,470	395,218	55,022	314,530	94,096	425,000	777,723	1,779,748	1,044,311	2,824,059	27,600,643	7.16%	**2021**
2022	660,000	104,420	404,281	45,959	321,615	87,011	580,000	619,438	1,965,895	856,828	2,822,723	25,634,748	13.77%	**2022**
2023	675,000	91,070	413,551	36,689	328,859	79,767	610,000	590,438	2,027,410	797,963	2,825,373	23,607,338	20.59%	**2023**
2024	690,000	77,075	423,034	27,206	336,267	72,359	640,000	559,938	2,089,300	736,578	2,825,878	21,518,037	27.62%	**2024**
2025	705,000	62,075	432,734	17,506	343,842	64,785	675,000	527,938	2,156,575	672,303	2,828,878	19,361,462	34.87%	**2025**
2026	720,000	46,040	442,656	7,584	351,587	57,039	705,000	494,188	2,219,243	604,851	2,824,093	17,142,219	42.34%	**2026**
2027	740,000	28,695			359,506	49,120	745,000	458,938	1,844,506	536,752	2,381,259	15,297,713	48.54%	**2027**
2028	755,000	9,815			367,604	41,022	780,000	421,688	1,902,604	472,524	2,375,129	13,395,108	54.94%	**2028**
2029					375,885	32,741	820,000	382,688	1,195,885	415,429	1,611,314	12,199,223	58.97%	**2029**
2030					384,352	24,274	860,000	341,688	1,244,352	365,962	1,610,314	10,954,872	63.15%	**2030**
2031					393,009	15,617	885,000	315,888	1,278,009	331,504	1,609,514	9,676,862	67.45%	**2031**
2032					401,862	6,764	910,000	289,338	1,311,862	296,101	1,607,964	8,365,000	71.86%	**2032**
2033							940,000	262,038	940,000	262,038	1,202,038	7,425,000	75.02%	**2033**
2034							970,000	233,838	970,000	233,838	1,203,838	6,455,000	78.29%	**2034**
2035							995,000	204,738	995,000	204,738	1,199,738	5,460,000	81.63%	**2035**
2036							1,025,000	174,888	1,025,000	174,888	1,199,888	4,435,000	85.08%	**2036**
2037							1,055,000	144,138	1,055,000	144,138	1,199,138	3,380,000	88.63%	**2037**
2038							1,090,000	109,850	1,090,000	109,850	1,199,850	2,290,000	92.30%	**2038**
2039							1,125,000	74,425	1,125,000	74,425	1,199,425	1,165,000	96.08%	**2039**
2040							1,165,000	37,863	1,165,000	37,863	1,202,863	0	100.00%	**2040**
	5,590,000	598,620	2,705,748	220,812	4,433,575	674,250	17,000,000	7,021,661	29,729,323	8,515,343	38,244,666			

* Preliminary, subject to change.

BONDED DEBT LIMIT[1]

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of its actual market value. The actual market value of property within a district, on which its debt limit is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value. The current debt limit of the District is computed as follows:

2018/19 Economic Market Value	$14,861,852,115
Multiply by 15%	0.15
Statutory Debt Limit	$ 2,229,277,817
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	(215,880,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations (includes the Series 2019B Certificates)*	(29,729,323)
Unused Debt Limit*	$ 1,983,668,494

*Preliminary, subject to change.

1 Does not include the Series 2019A Bonds, as they are not subject to the debt limit calculation.

OVERLAPPING DEBT[1]

Taxing District	2018/19 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
Hennepin County	$1,979,015,644	7.8626%	$1,058,135,000[3]	$ 83,196,923
City of Corcoran	9,437,675	13.5218%	7,644,000	1,033,606
City of Maple Grove	104,877,827	7.8823%	75,145,000	5,923,154
City of Medina	18,594,152	54.5064%	9,880,000	5,385,232
City of Minnetonka	106,379,896	22.5248%	3,810,000	858,195
City of Orono	34,349,674	4.2091%	6,110,000	257,176
City of Plymouth	135,579,210	65.1038%	8,270,000	5,384,084
City of Wayzata	21,311,085	99.4322%	14,330,000	14,248,634
Metropolitan Council	4,268,355,428	3.6455%	263,285,000[4]	9,598,055
Three Rivers Park District	1,392,585,502	11.1736%	53,385,000	5,965,026
HCRRA	1,979,015,644	7.8626%	109,865,000	8,638,245
District's Share of Total Overlapping Debt				$140,488,331

DEBT PAYMENT HISTORY

The District has no record of default in the payment of principal and interest on its debt.

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1 Overlapping debt is as of the dated date of the Obligations. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does ***not*** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

2 Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

3 Hennepin County also has General Obligation Solid Waste Revenue Bonds outstanding which are payable entirely from the County's solid waste enterprise fund; General Obligation Bonds (Century Plaza Debt) which are expected to be paid from building rental fees from County departments and non-County tenants; and General Obligation Ice Arena Revenue Bonds which are expected to be paid from building rental payments from Augsburg College. These issues have not been included in the overlapping debt or debt ratios.

4 The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt or Debt Ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value ($14,861,852,115)	Debt/ Current Population Estimate (67,268)
Direct G.O. Debt Secured By:			
Tax Abatement Revenues*	$ 7,290,000		
Taxes	215,880,000		
Total General Obligation Debt (includes the Series 2019A Bonds)*	$223,170,000	1.50%	$3,317.63
District's Share of Total Overlapping Debt	$140,527,743	0.95%	$2,089.07
Total*	$586,867,743	2.45%	$5,406.70

*Preliminary, subject to change.

FUTURE FINANCING

The District has no current plans for additional financing in the next 12 months.

LEVY LIMITS

Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and districts are required to levy 105% of actual principal and interest requirements to allow for delinquencies.

School districts receive a basic revenue amount per pupil unit from aid and levy proceeds in a variety of categorical state aids. They are also allowed to certify additional levies within limits for certain specified purposes. The State Department of Education and the applicable County Auditors review the levies of each school district to determine compliance with state levy limits.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date[2]	% Collected
2014/15	$56,065,526	$55,889,192	$56,024,594	99.93%
2015/16	58,346,881	58,140,361	58,263,223	99.86%
2016/17	60,661,425	60,637,288	60,613,906	99.92%
2017/18	68,475,115	68,275,383	68,275,383	99.71%
2018/19	72,645,975	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.[3] Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

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1 This reflects the Final Levy Certification of the District after all adjustments have been made.

2 Collections are through June 1, 2019.

3 Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES[1]

	2014/15	2015/16	2016/17	2017/18	2018/19
I.S.D. No. 284 (Wayzata Public Schools)	26.252%	26.106%	26.290%	25.464%	24.833%
Hennepin County	46.398%	45.356%	44.087%	42.808%	41.861%
City of Corcoran	45.311%	45.691%	45.994%	45.357%	45.160%
City of Maple Grove	39.831%	39.368%	38.408%	36.862%	34.889%
City of Medicine Lake	34.127%	40.413%	35.525%	45.247%	42.765%
City of Medina	23.577%	23.301%	22.270%	21.521%	21.529%
City of Minnetonka	36.767%	36.158%	36.885%	36.246%	35.234%
City of Orono	17.387%	17.325%	16.759%	16.555%	16.406%
City of Plymouth	28.374%	27.838%	26.959%	26.804%	26.355%
City of Wayzata	25.705%	24.673%	23.352%	21.749%	21.672%
Metro Mosquito	0.507%	0.483%	0.475%	0.456%	0.427%
Metropolitan Council	0.976%	0.925%	0.883%	0.844%	0.659%
Metro Transit	1.523%	1.491%	1.463%	1.383%	1.456%
Three Rivers Park District	3.789%	3.601%	3.365%	3.161%	2.961%
Park Museum	0.702%	0.712%	0.711%	0.710%	0.705%
HCRRA	1.817%	1.879%	1.925%	1.962%	1.807%
Hennepin HRA	0.471%	0.439%	0.497%	0.457%	0.535%
Referendum Market Value Rates:					
I.S.D. No. 284 (Wayzata Public Schools)	0.22328%	0.21152%	0.19527%	0.23423%	0.23575%
Minnetonka	0.01330%	0.01268%	0.01539%	0.01542%	0.01434%
Plymouth	0.00698%	0.00531%	0.00499%	0.00475%	0.00219%
Wayzata	0.01615%	0.01455%	0.01338%	0.01213%	0.01142%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Hennepin County.

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1 After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 1,554, including 620 non-licensed employees and 933 licensed employees (893 of whom are teachers). The District provides education for 12,318 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

All teachers employed by the District are covered by defined benefit pension plans administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

Public Employees' Retirement Association (PERA)

All full-time and certain part-time employees of the District (other than those covered by TRA) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Wayzata Education Association	June 30, 2021
Wayzata Principals Association	June 30, 2020
School Services Employees Local No 284 (Secretarial, Clerial and Aid Personnel)	June 30, 2021
School Services Employees Local No 284 (Custodial Maintenance)	June 30, 2021
School Services Employees Local No 284 (Food Service and Laundry)	June 30, 2021
Home Base	June 30, 2020

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 74/75 (GASB 74/75). The District's most recent Comprehensive Annual Financial Report (CAFR) shows a total OPEB liability of $41,280,849 as of June 30, 2018. The District has created an irrevocable OPEB Trust to fund a portion of their OPEB costs. As of June 30, 2018, the net position of the trust was $32,528,705. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent CAFR.

STUDENT BODY

The number of students enrolled for the past four years and for the current year have been as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2015/16	791	4,948	5,057	10,796
2016/17	822	5,180	5,273	11,275
2017/18	894	5,319	5,376	11,589
2018/19	881	5,567	5,412	11,860
2019/20	978	5,739	5,601	12,318

Enrollments for the next three years are projected to be as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2020/21	986	6,079	5,702	12,767
2021/22	975	6,326	5,853	13,154
2022/23	971	6,518	6,031	13,520

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Birchview Elementary	1969	1995
Gleason Lake Elementary	1988	2003
Greenwood Elementary	1964	1964, 1989, 1999, 2013
Kimberly Lane Elementary	1991	--
Meadow Ridge Elementary	2016	2017
Oakwood Elementary	1957	1992, 2008, 2013
Plymouth Creek Elementary	1988	--
Sunset Hill Elementary	1963	1989, 2000, 2013
Central Middle School	1960	1962, 1964, 1968, 1973, 1989
East Middle School	1967	1980, 2003
West Middle School	1949	1968, 1989, 2016
Wayzata High School	1997	2006, 2016
Wayzata Transitions School	2019	2019
Administration Building	1969	--
Central Services Facility	1983	2014

FUNDS ON HAND (as of June 30, 2019)

Fund	Total Cash and Investments
General	$ 41,752,290
Food Service	1,269,629
Community Service	4,090,584
Debt Service	9,117,949
Building/Construction	37,650,134
Trust & Agency	289,284
Internal Service	7,899,240
OPEB	32,877,738
Total Funds on Hand	$134,946,848

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the District or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Obligations and the Concurrent Obligations or otherwise questioning the validity of the Obligations and the Concurrent Obligations.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Minnesota school districts to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Obligations are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Obligations. Such modifications could be adverse to holders of the Obligations and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations.

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District's 2018 audited financial statements.

	FISCAL YEAR ENDING JUNE 30				
COMBINED STATEMENT	**2016 Audited**	**2017 Audited**	**2018 Audited**	**2018-19* Adopted Budget[1]**	**2019-20* Adopted Budget[2]**
Revenues					
Local property taxes	$ 38,600,162	$ 42,083,524	$ 52,199,508	$ 55,573,715	$ 58,975,486
Investment earnings	16,980	459,399	299,096	0	0
Other local and county revenues	3,628,193	4,290,971	4,334,482	5,349,710	5,985,458
Revenues from state sources	86,928,911	92,911,879	96,007,968	100,566,805	103,894,600
Revenues from federal sources	2,788,773	3,204,850	3,271,185	3,977,353	3,844,456
Total Revenues	$ 131,963,019	$ 142,950,623	$ 156,112,239	$ 165,467,583	$ 172,700,000
Expenditures					
Administration	$ 3,960,854	$ 4,307,817	$ 4,380,862	$ 4,670,993	$ 5,069,613
District support services	4,214,722	4,856,373	4,807,590	5,395,610	5,596,835
Elementary & secondary regular instruction	61,793,156	64,754,485	68,352,055	75,078,875	78,921,059
Vocational education instruction	2,775,891	2,782,707	2,953,500	3,123,349	3,334,685
Special education instruction	17,390,283	17,738,153	18,658,389	21,332,060	22,272,854
Instructional support services	10,107,948	9,841,449	15,992,693	18,981,625	18,733,653
Pupil support services	12,289,246	13,117,743	13,098,157	14,935,478	15,861,933
Sites and buildings	10,577,248	18,089,426	17,692,885	20,884,335	15,183,361
Fiscal and other fixed cost programs	417,879	566,951	281,446	2,536,810	8,590,100
Debt Service	956,040	1,405,230	2,844,891	0	0
Capital Outlay	0	0	321,687	0	0
Total Expenditures	$ 124,483,267	$ 137,460,334	$ 149,384,155	$ 166,939,135	$ 173,564,093
Excess of revenues over (under) expenditures	$ 7,479,752	$ 5,490,289	$ 6,728,084	$ (1,471,552)	$ (864,093)
Other Financing Sources (Uses)					
Sale of capital assets	$ 0	$ 21,653	$ 0		
Capital lease issued	0	0	1,142,455		
Operating transfers in	2,280,082	0	1,417,421		
Operating transfers out	(7,429,482)	(13,117,868)	(5,361,878)		
Total Other Financing Sources (Uses)	$ (5,149,400)	$ (13,117,868)	$ (3,944,457)		
Net Change in Fund Balances	$ 2,330,352	$ (7,605,926)	$ 3,926,082		
General Fund Balance July 1	21,424,678	23,755,030	16,149,104		
Prior Period Adjustment	0	0	0		
Residual Equity Transfer in (out)	0	0	0		
General Fund Balance June 30	$ 23,755,030	$ 16,149,104	$ 20,075,186		
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$ 196,566	$ 355,711	$ 287,085		
Restricted	5,838,351	2,824,355	5,770,694		
Committed	2,889,790	0	0		
Assigned	2,482,867	4,918,059	5,712,743		
Unassigned	9,347,456	8,050,979	8,304,664		
Total	$ 20,755,030	$ 16,149,104	$ 20,075,186		

* On November 7, 2017, District voters approved a referendum question which revoked the District's existing referendum allowance and replaced it with a new allowance of $2,000 per pupil. This allowance will remain in place for 10 years and will increase annually at the rate of inflation. This will cause an increase in the District's general fund revenue of approximately $5.5 million per year, beginning with fiscal year 2018-19.

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1 The 2018-19 revised budget was adopted on June 10, 2019.

2 The 2019-20 budget was adopted on June 10, 2019. The District recently closed on a sale of land for $6.2 million and deposited the sale proceeds into the general fund. This will increase 2019-20 revenues and ending fund balance by $6.2 million above the figures in the preliminary budget.

GENERAL INFORMATION

LOCATION

The District, with a 2010 U.S. Census population of 58,701 and a current population estimate of 67,268, and comprising an area of 38 square miles, is located approximately 13 miles West of the city of Minneapolis.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Carlson Companies	Hospitality services	4,500
Medica	Insurance	1,800
I.S.D. No. 284 (Wayzata Public Schools)	Elementary and secondary education	1,554
Aimia	Marketing consultants	1,000
TCF National Bank	Financial institution	1,000
Abbott Laboratories	Surgical and medial equipment manufacturing	800
US Foods	Wholesale foods service distribution	500
Nilfisk-Advance, Inc.	Floor machines manufacturing	450
Wagner Spray Tech Corp.	Air & gas compressors manufacturers	300
Deltak LLC	Industrial furnaces & oven manufacturers	300

Source: *ReferenceUSA*, *written and telephone survey (August 2019), the 2018 District CAFR and the Minnesota Department of Employment and Economic Development.*

1 This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

U.S. CENSUS DATA

Population Trend: The District

2000 U.S. Census population	53,757
2010 U.S. Census population	58,701
2017 Population Estimate	67,268
Percent of Change 2000 - 2010	+ 9.20%

Income and Age Statistics

	The District	Hennepin County	State of Minnesota	United States
2017 per capita income	$56,233	$41,794	$34,712	$31,177
2017 median household income	$96,354	$71,154	$65,699	$57,652
2017 median family income	$127,650	$95,062	$82,785	$70,850
2017 median gross rent	$1,288	$1,031	$906	$982
2017 median value owner occupied units	$374,400	$245,400	$199,700	$193,500
2017 median age	40.6 yrs.	36.3 yrs.	37.9 yrs.	37.8 yrs.

	State of Minnesota	United States
District % of 2017 per capita income	162.00%	180.37%
District % of 2017 median family income	154.19%	180.17%

Source: *2000 and 2010 Census of Population and Housing, and 2017 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).*

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	Hennepin County	Hennepin County	State of Minnesota
2015	649,491	3.3%	3.7%
2016	656,426	3.4%	3.9%
2017	672,278	3.1%	3.4%
2018	689,547	2.5%	2.9%
2019, July	699,993	3.2%	3.3%

Source: *Minnesota Department of Employment and Economic Development*.

APPENDIX A

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Certificates, the District represents that there have been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

INDEPENDENT SCHOOL DISTRICT NO. 284
WAYZATA, MINNESOTA

210 County Road 101 North
P.O. Box 660
Wayzata, MN 55391

Prepared by the
Department of Finance and Business Services

Jim Westrum • Executive Director of Finance and Business Services
Jill Schwint • Controller
Melissa Lahr • Finance Supervisor

MMKR
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Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 284
Wayzata, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

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. 284 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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 the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 RSI in accordance with auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior Year Comparative Information

We have previously audited the District's 2017 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 November 30, 2017. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District'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 the District's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
December 3, 2018

This section of Independent School District No. 284's (the District) Comprehensive Annual Financial Report (CAFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the other components of the District's CAFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2018 by $110,079,093 (net position). The District's total net position decreased by $35,755,027 during the fiscal year ended June 30, 2018.
- Government-wide revenues totaled $182,684,304 and were $35,755,027 less than expenses of $218,439,331.
- The General Fund's total fund balance increased $3,926,082 to end the year at $20,075,186, compared to a $2,694,667 increase projected in the budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the CAFR consists of the following parts:

- Independent Auditor's Report;
- Management's discussion and analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplemental information consisting of combining and individual fund financial statements and schedules.

The following explains the two types of statements included in the basic financial statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) 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, except for the fiduciary funds. 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 financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, 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 indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of 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 all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or major funds, rather than the District as a whole. Funds (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called nonmajor funds. Detailed financial information for nonmajor funds can be found in the supplemental information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

Governmental Funds – 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 fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less 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 financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its internal service funds to account for the self-insurance activities of the District employees' medical and dental claims, various early retirement benefit packages for employee groups, and post-retirement health care benefits. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. 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 statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

Table 1
Summary Statement of Net Position
as of June 30, 2018 and 2017

	2018	2017
Assets		
Current and other assets	$ 181,025,714	$ 111,193,365
Capital assets, net of depreciation	211,998,074	203,262,643
Total assets	$ 393,023,788	$ 314,456,008
Deferred outflows of resources		
Pension plan deferments	$ 141,515,877	$ 189,200,658
Liabilities		
Current and other liabilities	$ 14,082,521	$ 14,147,284
Long-term liabilities, including due within one year	520,133,335	500,443,848
Total liabilities	$ 534,215,856	$ 514,591,132
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 64,563,643	$ 57,535,954
Pension plan deferments	42,972,117	4,527,573
OPEB plan deferments	2,867,142	1,326,073
Total deferred inflows of resources	$ 110,402,902	$ 63,389,600
Net position		
Net investment in capital assets	$ 37,679,712	$ 40,112,576
Restricted	10,695,169	7,822,506
Unrestricted	(158,453,974)	(122,259,148)
Total net position	$ (110,079,093)	$ (74,324,066)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts and capitalization policies. Net position also includes long-term liabilities for pension, other post-employment benefits (OPEB), and severance benefits, which are not reported in the governmental funds.

The District's decrease in net investment in capital assets is due mostly to the relationship between the rate at which the District's capital assets are being depreciated and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets. The District's increase in net position restricted for capital asset acquisition, food service, and other state funding restrictions, contributed to the increase in the restricted portion of net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans also contributed to the change in deferred outflows, long-term liabilities, deferred inflows, and unrestricted net position.

Table 2 presents a summarized version of the District's Statement of Activities:

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2018 and 2017

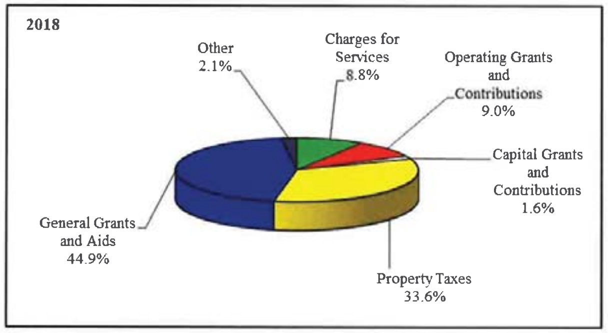
	2018	2017
Revenues		
Program revenues		
Charges for services	$ 16,180,291	$ 14,761,888
Operating grants and contributions	16,357,459	17,625,350
Capital grants and contributions	2,870,495	1,351,039
General revenues		
Property taxes	61,465,090	57,923,735
General grants and aids	81,977,981	83,119,553
Investment earnings	2,160,675	1,886,224
Other	1,672,313	2,001,619
Total revenues	182,684,304	178,669,408
Expenses		
Administration	6,052,169	6,700,296
District support services	5,347,446	6,114,326
Elementary and secondary regular instruction	98,324,381	97,927,589
Vocational education instruction	3,782,104	3,737,593
Special education instruction	23,646,291	23,736,177
Instructional support services	18,777,288	13,276,121
Pupil support services	14,370,024	14,566,050
Sites and buildings	23,723,765	35,215,528
Fiscal and other fixed cost programs	281,446	566,951
Food service	6,469,883	6,484,275
Community service	10,971,816	9,811,345
Interest and fiscal charges on debt	6,692,718	5,326,192
Total expenses	218,439,331	223,462,443
Change in net position	(35,755,027)	(44,793,035)
Net position – beginning	(74,324,066)	(29,531,031)
Net position – ending	$ (110,079,093)	$ (74,324,066)

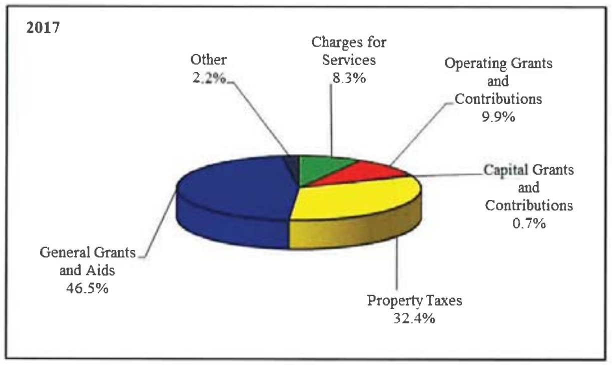
This table is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

Governmental activities revenues increased $4,014,896 (2.2 percent) from the previous year. A significantly higher number of students served, an increase in the tax levy for long-term facilities maintenance, and improved state funding for general education contributed to the overall revenue increase. Governmental activities expenses were $5,023,112 (2.2 percent) less than last year, mainly due to the timing and completion of bond projects.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2018 and 2017



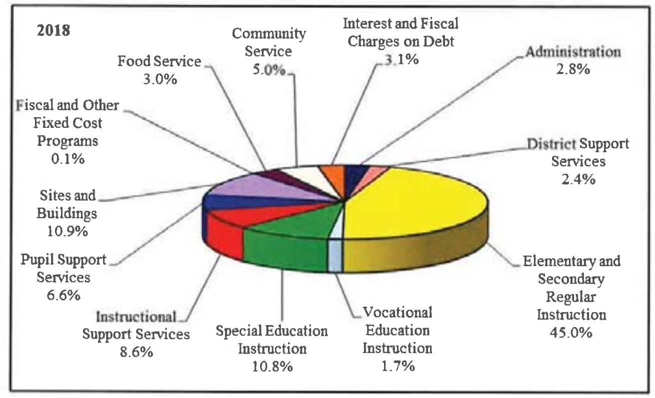


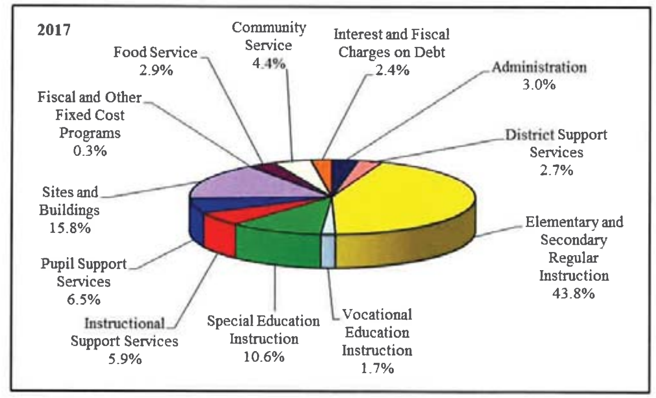
The largest share of the District's revenue is received from the state, including the general education aid formula and most of the operating grants.

Property taxes are generally the next largest source of funding. The level of revenue property tax sources provide is not only dependent on district taxpayers by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2018 and 2017





The District's expenses are predominately related to educating students. Programs (or functions) such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

The increase in instructional support services and decrease in sites and buildings are due to a change in accounting for expenditures related to the capital projects technology levy in the current year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

Table 3
Governmental Fund Balances
as of June 30, 2018 and 2017

	2018	2017	Increase (Decrease)
Major funds			
General	$ 20,075,186	$ 16,149,104	$ 3,926,082
Capital Projects – Building Construction	69,272,501	8,511,858	60,760,643
Debt Service	2,606,958	2,475,932	131,026
Nonmajor funds			
Food Service Special Revenue	816,264	655,901	160,363
Community Service Special Revenue	2,116,569	2,576,375	(459,806)
Total governmental funds	$ 94,887,478	$ 30,369,170	$ 64,518,308

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use, as they represent the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2018, the District's governmental funds reported combined fund balances of $94,887,478, an increase of $64,518,308 from the prior year. Approximately 8.8 percent of this amount ($8,304,664) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is either 1) not in spendable form ($753,792), 2) restricted for particular purposes ($80,116,279), or 3) assigned for particular purposes ($5,712,743).

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Increase (Decrease)	Percent Change
Revenues and other financing sources	$ 159,107,524	$ 159,510,541	$ 403,017	0.3%
Expenditures and other financing uses	$ 153,952,823	$ 156,815,874	$ 2,863,051	1.9%

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2018 Actual	Amount	Percent	Amount	Percent
Revenue and other financing sources	$ 158,672,115	$ (838,426)	(0.5%)	$ 15,699,839	11.0%
Expenditures and other financing uses	154,746,033	(2,069,841)	(1.3%)	4,167,831	2.8%
Net change in fund balances	$ 3,926,082	$ 1,231,415		$ 11,532,008	

The fund balance of the General Fund increased $3,926,082, compared to a planned increase of $2,694,667 approved in the final budget.

General Fund revenues and other financing sources for 2018 increased $15,699,839, or 11.0 percent, compared to the prior year. This was $838,426, or 0.5 percent, less than budget. The largest variance to budget was in investment earnings, which were $2,750,904 less than budget due to the District allocating more investment earnings to other funds than anticipated. This was offset by favorable variances in other local sources and other financing sources. The overall revenue increase from the prior year was mainly due to an increase in the tax levy combined with increases in students served and state funding for general education.

Total General Fund expenditures and other financing uses for 2018 increased $4,167,831, or 2.8 percent, over the prior year, and were $2,069,841, or 1.3 percent, under budget. The budget variance was spread across several programs and object categories of the General Fund. Instructional support services experienced the largest program variance, with expenditures coming in under budget by $2,367,840, due mostly to the timing of technology needs and replacement of equipment. Pupil support service expenditures were $1,497,340 under budget, mainly in transportation costs. The increase from the prior year was mainly due to contractual increases in salaries and benefits.

Comments on Significant Activities in Other Funds

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities. This fund also received a transfer of $5,350,500 of long-term facilities maintenance levy proceeds from the General Fund to finance various capital projects. Fund balance increased $60,760,643, due to the District's issuance of the 2018A General Obligation School Building Bonds. At June 30, 2018, the District had a fund balance of $69,272,501, the majority of which is restricted for various capital projects.

Debt Service Fund

The Debt Service Fund revenues exceeded expenditures by $131,026 in the current year. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The remaining fund balance of $2,606,958 at June 30, 2018 is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by $160,363, compared to a break-even budget. This variance was caused by the combination of higher than anticipated revenues from meal sales and federal reimbursements, and favorable variances in personnel costs.

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues and other financing sources, decreasing equity by $459,806, compared to a planned fund balance increase of $508,291. This variance was primarily due to additional services added throughout the year as facilities and staff became available.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains two internal service funds. These funds are used to account for the District's self-insured medical and dental insurance activity, various early retirement benefit packages for employee groups, and post-retirement health care benefits.

Operating revenues for the internal service funds, consisting of charges to the District's governmental funds, for fiscal 2018 totaled $17,015,685, an increase from the fiscal year 2017 operating revenue level of $16,168,168. Operating expenses, consisting of health claims, dental claims, and other employee benefits totaled $19,154,041, which represents an increase from fiscal year 2017 operating expenses of $19,097,404. Nonoperating revenues, consisting of investment earnings, totaled $1,322,214, which is a slight decrease from the fiscal year 2017 amount of $1,348,033. The net position balance for all internal service funds as of June 30, 2018 was $37,890, which is a decrease of $816,142 from the prior year.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2018 and 2017:

Table 6
Capital Assets

	2018	2017	Change
Land	$ 30,962,910	$ 24,938,301	$ 6,024,609
Construction in progress	5,429,746	358,731	5,071,015
Land improvements	9,687,055	9,687,055	–
Buildings and improvements	270,212,175	265,230,681	4,981,494
Equipment and transportation vehicles	12,752,552	12,870,174	(117,622)
Food service equipment	1,140,612	1,312,063	(171,451)
Less accumulated depreciation	(118,186,976)	(111,134,362)	(7,052,614)
Total	$ 211,998,074	$ 203,262,643	$ 8,735,431
Depreciation expense	$ 7,829,966	$ 6,982,148	$ 847,818

By the end of 2018, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2018, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page.

The District defines capital assets as those with an initial, individual cost of $5,000 or more for equipment and $20,000 or more for construction and improvements, which benefit more than one fiscal year.

Additional details about capital assets can be found in the notes to basic financial statements.

Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities with changes from the prior year:

Table 7
Outstanding Long-Term Liabilities

	2018	2017	Change
General obligation bonds payable	$ 220,160,000	$ 156,210,000	$ 63,950,000
Certificates of participation payable	7,000,000	7,755,000	(755,000)
Unamortized premium	6,208,464	3,120,929	3,087,535
Capital leases payable	9,174,643	5,092,079	4,082,564
Net pension liability	264,059,876	313,987,291	(49,927,415)
Net OPEB liability	8,752,144	9,635,916	(883,772)
Severance benefits payable	4,085,996	4,022,330	63,666
Compensated absences payable	692,212	620,303	71,909
Total	$ 520,133,335	$ 500,443,848	$ 19,689,487

The increase in general obligation bonds payable, unamortized premium, and capital leases payable is due to the issuance of school building bonds with a premium, as previously discussed, and due to $6,172,455 of new capital leases entered into during fiscal year 2018.

The difference in the net pension liability reflects the change in the District's proportionate share of the PERA and the TRA state-wide pension obligations.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8). The District's outstanding net general obligation debt was $223,761,506 at June 30, 2018, or about 12.2 percent of the limit.

Table 8
Limitations on Debt

District's market value	$ 12,249,671,471
Limit rate	15.0%
Legal debt limit	$ 1,837,450,721

Additional details of the District's long-term debt activity can be found in the notes to basic financial statements.

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 a majority of 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 2019 fiscal year, the Legislature added $124, or 2 percent, per pupil to the basic general education funding formula.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This CAFR is designed to provide our citizens, taxpayers, customers, 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 Business Office, Independent School District No. 284, District Administrative Office, P.O. Box 660, Wayzata, Minnesota 55391-0660.

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Net Position
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	Governmental Activities	
	2018	2017
Assets		
Cash and temporary investments	$ 136,629,231	$ 67,448,380
Cash and investments held by trustee	763,144	1,060,270
Receivables		
Current taxes	30,211,850	30,287,193
Delinquent taxes	199,412	318,690
Accounts and interest receivable	681,049	945,087
Due from other governmental units	11,283,736	10,306,679
Due from post-employment benefits trust	500,000	–
Inventory	234,170	225,342
Prepaid items	523,122	601,724
Capital assets		
Not depreciated	36,392,656	25,297,032
Depreciated, net of accumulated depreciation	175,605,418	177,965,611
Total capital assets, net of accumulated depreciation	211,998,074	203,262,643
Total assets	393,023,788	314,456,008
Deferred outflows of resources		
Pension plan deferments	141,515,877	189,200,658
Total assets and deferred outflows of resources	$ 534,539,665	$ 503,656,666
Liabilities		
Salaries payable	$ 583,728	$ 473,595
Accounts and contracts payable	7,269,021	8,346,660
Accrued interest payable	3,193,302	2,263,601
Due to other governmental units	641,022	495,147
Unearned revenue	631,668	804,501
Claims incurred, but not reported	1,763,780	1,763,780
Long-term liabilities		
Due within one year	7,375,514	6,220,450
Due in more than one year	512,757,821	494,223,398
Total long-term liabilities	520,133,335	500,443,848
Total liabilities	534,215,856	514,591,132
Deferred inflows of resources		
Property taxes levied for subsequent year	64,563,643	57,535,954
Pension plan deferments	42,972,117	4,527,573
OPEB plan deferments	2,867,142	1,326,073
Total deferred inflows of resources	110,402,902	63,389,600
Net position		
Net investment in capital assets	37,679,712	40,112,576
Restricted for		
Capital asset acquisition	6,967,169	3,549,192
Debt service	–	374,267
Food service	796,767	635,461
Community service	2,068,184	2,547,008
Other purposes (state funding restrictions)	863,049	716,578
Unrestricted	(158,453,974)	(122,259,148)
Total net position	(110,079,093)	(74,324,066)
Total liabilities, deferred inflows of resources, and net position	$ 534,539,665	$ 503,656,666

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Activities
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

		2018		
		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	$ 6,052,169	$ 39,922	$ –	$ –
District support services	5,347,446	–	–	524,865
Elementary and secondary regular instruction	98,324,381	1,323,071	2,383,726	1,127,461
Vocational education instruction	3,782,104	–	468,592	–
Special education instruction	23,646,291	498,813	10,576,597	5,986
Instructional support services	18,777,288	15,338	–	117,057
Pupil support services	14,370,024	152,731	968,055	–
Sites and buildings	23,723,765	628,772	–	1,095,126
Fiscal and other fixed cost programs	281,446	–	–	–
Food service	6,469,883	5,357,091	1,212,440	–
Community service	10,971,816	8,164,553	748,049	–
Interest and fiscal charges	6,692,718	–	–	–
Total governmental activities	$ 218,439,331	$ 16,180,291	$ 16,357,459	$ 2,870,495

General revenue
Taxes
Property taxes, levied for general purposes
Property taxes, levied for community service
Property taxes, levied for debt service
General grants and aids
Other general revenues
Investment earnings
Total general revenues

Change in net position

Net position – beginning

Net position – ending

See notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position	2017 Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
$ (6,012,247)	$ (6,642,874)
(4,822,581)	(6,084,003)
(93,490,123)	(94,587,776)
(3,313,512)	(3,270,901)
(12,564,895)	(11,326,582)
(18,644,893)	(13,262,067)
(13,249,238)	(13,409,198)
(21,999,867)	(33,441,658)
(281,446)	(566,951)
99,648	(232,726)
(2,059,214)	(1,573,238)
(6,692,718)	(5,326,192)
(183,031,086)	(189,724,166)
52,196,919	42,239,180
993,672	1,096,913
8,274,499	14,587,642
81,977,981	83,119,553
1,672,313	2,001,619
2,160,675	1,886,224
147,276,059	144,931,131
(35,755,027)	(44,793,035)
(74,324,066)	(29,531,031)
$ (110,079,093)	$ (74,324,066)

INDEPENDENT SCHOOL DISTRICT NO. 284

Balance Sheet
Governmental Funds
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 23,697,735	$ 71,220,721	$ 9,432,157
Cash and investments held by trustee	647,457	115,687	–
Receivables			
Current taxes	24,332,223	–	5,339,736
Delinquent taxes	147,210	–	47,980
Accounts and interest	164,385	352,703	–
Due from other governmental units	11,159,077	–	36
Due from other funds	17,792,359	–	–
Inventory	157,337	–	–
Prepaid items	129,748	357,895	–
Total assets	$ 78,227,531	$ 72,047,006	$ 14,819,909
Liabilities			
Salaries payable	$ 251,151	$ –	$ –
Accounts and contracts payable	4,489,795	2,620,745	–
Due to other governmental units	486,939	153,760	–
Due to other funds	1,312,211	–	–
Unearned revenue	104,161	–	–
Total liabilities	6,644,257	2,774,505	–
Deferred inflows of resources			
Property taxes levied for subsequent year	51,211,252	–	12,126,321
Unavailable revenue – delinquent taxes	296,836	–	86,630
Total deferred inflows of resources	51,508,088	–	12,212,951
Fund balances			
Nonspendable	287,085	357,895	–
Restricted	5,770,694	68,914,606	2,606,958
Assigned	5,712,743	–	–
Unassigned	8,304,664	–	–
Total fund balances	20,075,186	69,272,501	2,606,958
Total liabilities, deferred inflows of resources, and fund balances	$ 78,227,531	$ 72,047,006	$ 14,819,909

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2018	Total Governmental Funds 2017
$ 4,237,192	$ 108,587,805	$ 40,729,168
–	763,144	1,060,270
539,891	30,211,850	30,287,193
4,222	199,412	318,690
163,961	681,049	945,087
124,623	11,283,736	10,306,679
–	17,792,359	14,018,251
76,833	234,170	225,342
31,979	519,622	601,724
$ 5,178,701	$ 170,273,147	$ 98,492,404
$ 332,577	$ 583,728	$ 473,595
151,330	7,261,870	8,340,000
323	641,022	495,147
–	1,312,211	–
527,507	631,668	804,501
1,011,737	10,430,499	10,113,243
1,226,070	64,563,643	57,535,954
8,061	391,527	474,037
1,234,131	64,955,170	58,009,991
108,812	753,792	827,066
2,824,021	80,116,279	17,101,194
–	5,712,743	4,918,059
–	8,304,664	7,522,851
2,932,833	94,887,478	30,369,170
$ 5,178,701	$ 170,273,147	$ 98,492,404

INDEPENDENT SCHOOL DISTRICT NO. 284

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	2018	2017
Total fund balances – governmental funds	$ 94,887,478	$ 30,369,170
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	330,185,050	314,397,005
Accumulated depreciation	(118,186,976)	(111,134,362)
Long-term liabilities are included in net position, but excluded from fund balances until due and payable. Debt premiums and discounts are excluded from net position until amortized, but included in fund balances upon issuance.		
General obligation bonds payable	(220,160,000)	(156,210,000)
Certificates of participation payable	(7,000,000)	(7,755,000)
Unamortized premium	(6,208,464)	(3,120,929)
Capital leases payable	(9,174,643)	(5,092,079)
Net pension liability	(257,990,690)	(307,933,132)
Net OPEB liability	(8,752,144)	(9,635,916)
Compensated absences payable	(692,212)	(620,303)
Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	37,890	854,032
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(3,193,302)	(2,263,601)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	141,515,877	189,200,658
Deferred inflows – pension plan deferments	(42,871,342)	(4,527,573)
Deferred inflows – OPEB plan deferments	(2,867,142)	(1,326,073)
Deferred inflows – delinquent property taxes	391,527	474,037
Total net position – governmental activities	$ (110,079,093)	$ (74,324,066)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 52,199,508	$ –	$ 8,349,805
Investment earnings	299,096	539,365	–
Other	4,334,482	–	–
State sources	96,007,968	–	310
Federal sources	3,271,185	–	–
Total revenue	156,112,239	539,365	8,350,115
Expenditures			
Current			
Administration	4,380,862	–	–
District support services	4,807,590	–	–
Elementary and secondary regular instruction	68,352,055	–	–
Vocational education instruction	2,953,500	–	–
Special education instruction	18,658,389	–	–
Instructional support services	15,992,693	–	–
Pupil support services	13,098,157	–	–
Sites and buildings	17,692,885	–	–
Fiscal and other fixed cost programs	281,446	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	18,557,095	–
Debt service			
Principal	2,844,891	–	2,945,000
Interest and fiscal charges	321,687	482,556	5,277,544
Total expenditures	149,384,155	19,039,651	8,222,544
Excess (deficiency) of revenue over expenditures	6,728,084	(18,500,286)	127,571
Other financing sources (uses)			
Debt issued	–	66,891,545	3,455
Premium on debt issued	–	3,406,305	–
Capital lease issued	1,142,455	5,030,000	–
Sale of capital assets	–	–	–
Transfers in	1,417,421	5,350,500	–
Transfers (out)	(5,361,878)	(1,417,421)	–
Total other financing sources (uses)	(2,802,002)	79,260,929	3,455
Net change in fund balances	3,926,082	60,760,643	131,026
Fund balances			
Beginning of year	16,149,104	8,511,858	2,475,932
End of year	$ 20,075,186	$ 69,272,501	$ 2,606,958

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2018	Total Governmental Funds 2017
$ 998,287	$ 61,547,600	$ 57,642,494
–	838,461	538,191
13,521,644	17,856,126	17,174,010
902,180	96,910,458	93,888,892
1,058,309	4,329,494	4,239,619
16,480,420	181,482,139	173,483,206
–	4,380,862	4,307,817
–	4,807,590	4,856,373
–	68,352,055	64,754,485
–	2,953,500	2,782,707
–	18,658,389	17,738,153
–	15,992,693	9,841,449
–	13,098,157	13,117,743
–	17,692,885	18,089,426
–	281,446	566,951
6,403,380	6,403,380	6,173,350
10,298,600	10,298,600	8,912,116
89,261	18,646,356	26,537,306
–	5,789,891	11,554,610
–	6,081,787	6,023,460
16,791,241	193,437,591	195,255,946
(310,821)	(11,955,452)	(21,772,740)
–	66,895,000	–
–	3,406,305	–
–	6,172,455	767,400
–	–	21,653
11,378	6,779,299	13,006,244
–	(6,779,299)	(13,117,868)
11,378	76,473,760	677,429
(299,443)	64,518,308	(21,095,311)
3,232,276	30,369,170	51,464,481
$ 2,932,833	$ 94,887,478	$ 30,369,170

INDEPENDENT SCHOOL DISTRICT NO. 284

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	2018	2017
Total net change in fund balances – governmental funds	$ 64,518,308	$ (21,095,311)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	16,599,672	13,607,316
Depreciation expense	(7,829,966)	(6,982,148)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(34,275)	(872,364)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(66,895,000)	–
Capital leases payable	(6,172,455)	(767,400)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	(816,142)	(1,469,579)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	2,945,000	8,900,000
Certificates of participation payable	755,000	740,000
Capital leases payable	2,089,891	1,914,610
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(929,701)	192,707
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	(3,087,535)	504,561
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	49,942,442	(216,155,196)
Net OPEB liability	883,772	(688,124)
Compensated absences payable	(71,909)	(79,782)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	(47,684,781)	171,796,594
Deferred inflows – pension plan deferments	(38,343,769)	6,705,913
Deferred inflows – OPEB plan deferments	(1,541,069)	(1,326,073)
Deferred inflows – delinquent property taxes	(82,510)	281,241
Change in net position – governmental activities	$ (35,755,027)	$ (44,793,035)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 52,582,810	$ 52,582,810	$ 52,199,508	$ (383,302)
Investment earnings	3,050,000	3,050,000	299,096	(2,750,904)
Other	3,262,391	3,262,391	4,334,482	1,072,091
State sources	96,874,484	95,874,484	96,007,968	133,484
Federal sources	3,336,839	3,597,401	3,271,185	(326,216)
Total revenue	159,106,524	158,367,086	156,112,239	(2,254,847)
Expenditures				
Current				
Administration	4,403,322	4,403,322	4,380,862	(22,460)
District support services	4,640,398	4,640,398	4,807,590	167,192
Elementary and secondary regular instruction	67,526,159	67,584,583	68,352,055	767,472
Vocational education instruction	2,945,456	2,988,216	2,953,500	(34,716)
Special education instruction	19,401,018	19,551,018	18,658,389	(892,629)
Instructional support services	10,437,431	18,360,533	15,992,693	(2,367,840)
Pupil support services	14,540,914	14,595,497	13,098,157	(1,497,340)
Sites and buildings	17,771,006	16,341,006	17,692,885	1,351,879
Fiscal and other fixed cost programs	426,658	425,000	281,446	(143,554)
Debt service				
Principal	1,142,178	2,315,766	2,844,891	529,125
Interest and fiscal charges	243,380	260,035	321,687	61,652
Total expenditures	143,477,920	151,465,374	149,384,155	(2,081,219)
Excess of revenue over expenditures	15,628,604	6,901,712	6,728,084	(173,628)
Other financing sources (uses)				
Sale of capital assets	1,000	1,000	–	(1,000)
Capital lease issued	–	1,142,455	1,142,455	–
Transfers in	–	–	1,417,421	1,417,421
Transfers (out)	(10,474,903)	(5,350,500)	(5,361,878)	(11,378)
Total other financing sources (uses)	(10,473,903)	(4,207,045)	(2,802,002)	1,405,043
Net change in fund balances	$ 5,154,701	$ 2,694,667	3,926,082	$ 1,231,415
Fund balances				
Beginning of year			16,149,104	
End of year			$ 20,075,186	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Net Position
Internal Service Funds
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	2018	2017
Assets		
Current assets		
Investments	$ 28,041,426	$ 26,719,212
Due from other funds	1,312,211	–
Prepaid items	3,500	–
Total current assets	29,357,137	26,719,212
Liabilities		
Current liabilities		
Accounts and contracts payable	7,151	6,660
Due to other funds	17,292,359	14,018,251
Claims incurred, but not reported	1,763,780	1,763,780
Severance benefits payable	318,797	339,381
Total current liabilities	19,382,087	16,128,072
Long-term liabilities		
Severance benefits payable	3,767,199	3,682,949
Retirement benefits payable	6,069,186	6,054,159
Total long-term liabilities	9,836,385	9,737,108
Total liabilities	29,218,472	25,865,180
Deferred inflows of resources		
Pension plan deferments	100,775	–
Net position		
Unrestricted	$ 37,890	$ 854,032

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	2018	2017
Operating revenue		
Charges for services	$ 17,015,685	$ 16,168,168
Operating expenses		
Dental benefit claims	1,379,610	1,293,546
Health benefit claims	16,516,897	16,111,586
Early retirement incentive and sick leave benefits	1,257,534	1,692,272
Total operating expenses	19,154,041	19,097,404
Operating income (loss)	(2,138,356)	(2,929,236)
Nonoperating revenue		
Investment earnings	1,322,214	1,348,033
Income (loss) before transfers	(816,142)	(1,581,203)
Transfers in	–	111,624
Change in net position	(816,142)	(1,469,579)
Net position		
Beginning of year	854,032	2,323,611
End of year	$ 37,890	$ 854,032

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	2018	2017
Cash flows from operating activities		
Charges for services	$ 15,703,474	$ 17,325,164
Payments for health and dental claims	(17,899,516)	(17,161,022)
Payments for retirement benefits	(1,078,066)	(2,569,818)
Net cash flows from operating activities	(3,274,108)	(2,405,676)
Cash flows from noncapital financing activities		
Cash advance from other funds	3,274,108	1,851,281
Net change in cash and cash equivalents	–	(554,395)
Cash and cash equivalents		
Beginning of year	–	554,395
End of year	$ –	$ –
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (2,138,356)	$ (2,929,236)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets		
Due from other funds	(1,312,211)	1,156,996
Prepaid items	(3,500)	–
Changes in liabilities and deferred inflows		
Accounts and contracts payable	491	430
Claims incurred, but not reported	–	243,680
Severance benefits payable	63,666	(794,943)
Retirement benefits payable	15,027	(82,603)
Deferred inflows – pension deferments	100,775	–
Net cash flows from operating activities	$ (3,274,108)	$ (2,405,676)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Statement of Fiduciary Net Position
as of June 30, 2018

		Post-Employment Benefits Trust Fund		Private-Purpose Trust Fund
Assets				
Cash and temporary investments	$	–	$	284,203
Investments held by trustee, at fair value				
Mutual funds		33,028,705		–
Total assets		33,028,705		284,203
Liabilities				
Current liabilities				
Due to other funds		500,000		–
Net position				
Held in trust for employee benefits and other purposes	$	32,528,705	$	284,203

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2018

		Post-Employment Benefits Trust Fund		Private-Purpose Trust Fund
Additions				
Contributions				
Private donations	$	–	$	14,325
Investment earnings				
Total investment earnings		2,571,867		579
Less investment expense		113,171		–
Net investment earnings		2,458,696		579
Total additions		2,458,696		14,904
Deductions				
Other private-purpose deductions		–		29,100
Benefits to plan members		2,300,000		–
Total deductions		2,300,000		29,100
Change in net position		158,696		(14,196)
Net position				
Beginning of year		32,370,009		298,399
End of year	$	32,528,705	$	284,203

See notes to basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 284 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. A School Board elected by the voters of the District governs the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, 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. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

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 includes 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.

Extracurricular Student Activities – Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, district school boards can elect to either control or not control extracurricular student activities. The District's School Board has elected not to control or be otherwise financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are not included in the District's basic financial statements.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and 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. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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 internally directed revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

Depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the internal service funds are consolidated into the governmental activities 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 funds are charges to customers (other district funds) for service. Operating expenses for the internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and private-purpose trust. 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 financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are 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.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The debt service account is used for all general obligation bond debt service.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is primarily used to account for the District's child nutrition program.

Community Service Special Revenue Fund – The Community Service Special Revenue 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.

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District has established two internal service funds to account for the District's liabilities for self-insured benefits and early retirement benefits.

Fiduciary Funds

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund other post-employment benefits (OPEB) for eligible employees.

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for resources held in trust to be used by various other third parties.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Expenditures in the Food Service Special Revenue Fund and the Community Service Special Revenue Fund exceeded budget appropriations by $26,938 and $999,397, respectively, during the year. Revenues in excess of budget, along with available fund balance, financed these variances.

F. Use of Estimates

The preparation of financial statements, 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 and disclosures in the financial statements during the reporting period. Actual results could differ from those estimates.

G. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Bond proceeds recorded in the Capital Projects – Building Construction Fund and all trust fund investments are not pooled, and earnings on these proceeds are allocated directly to those funds.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the General Fund and Capital Projects – Building Construction Fund, this represents assets held in escrow for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the escrow accounts.

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalent. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

Investments are generally stated at fair value, except for investments in external investment pools, which are stated at amortized cost, and investments in life insurance contracts, which are reported at the cash surrender value. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the Balance Sheet date.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the District's recurring fair value measurements as of year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are delinquent property taxes receivable.

At June 30, 2018, the District reported the following receivables due from other governmental units:

Due from the MDE	$ 11,089,182
Due from other Minnesota school districts	80,691
Due from Hennepin County	113,863
Total due from other governmental units	$ 11,283,736

I. 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. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenditures/expenses at the time of consumption.

K. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $4,048,207 of the property tax levy collectible in 2018 as revenue to the District in fiscal year 2017–2018. The remaining portion of the taxes collectible in 2018 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected.

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 reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of $5,000 or more for equipment and $20,000 or more for construction and improvements, which benefit more than one fiscal 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 statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or 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 improvements and 5 to 15 years for equipment and vehicles. Land and construction in progress are not depreciated.

The District does not possess material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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 or discounts on debt issuances are reported as other financing sources or uses, respectively.

N. Employee Benefits

1. **Compensated Absences** – Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for unused, accrued vacation to the limit specified in their labor contract or School Board policy upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in the governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Unused vacation is accrued as it is earned in the government-wide financial statements.

2. **Severance Benefits** – The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

   Severance payable is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures due to employee termination.

3. **Early Retirement Incentive** – The District provides early retirement incentive benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. No individual can receive benefits in excess of one year's salary. See the Defined Benefit Pension Plan – District note for further information.

4. **Other Post-Employment Benefits (OPEB) Plan** – For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which may be reported at amortized cost. See the Other Post-Employment Benefits (OPEB) Plan note for further information.

5. **State-Wide Pension Plans** – District employees participate in cost-sharing, multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA), to which the District contributes. See the Defined Benefit Pension Plans – State-Wide note for further information.

   For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the PERA and the TRA and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the 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.

   The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into the TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

   The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

O. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage during the current year.

2. **Self-Insurance** – The District has established an Internal Service Fund to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the Internal Service Fund provides coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District makes premium payments that include both employer and employee contributions to the Internal Service Fund on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim 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 complex factors such 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. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of claim liabilities for the last two years were as follows:

	Balance – Beginning of Year	Charges and Changes in Estimates	Claim Payments	Balance – End of Year
2017	$ 1,520,100	$ 16,239,502	$ 15,995,822	$ 1,763,780
2018	$ 1,763,780	$ 16,805,452	$ 16,805,452	$ 1,763,780

P. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings on pension and OPEB plan investments, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position

In the government-wide and internal service fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

R. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board policy, the District's superintendent and executive director of finance and business services are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2017, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	$ 1,420,599
Investments	169,284,684
Total	$ 170,705,283

Cash and investments are presented in the financial statements as follows:

Statement of Net Position	
Cash and temporary investments	$ 136,629,231
Cash and investments held by trustee	763,144
Statement of Fiduciary Net Position	
Cash and temporary investments	
Private-Purpose Trust Fund	284,203
Investments held by trustee	
Post-Employment Benefits Trust Fund	33,028,705
Total	$ 170,705,283

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and nonnegotiable certificates of deposit.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District's deposits was $1,420,599, while the balance on the bank records was $6,085,215. At June 30, 2018, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Interest Risk – Maturity Duration	Total
U.S. treasury securities	AA	S&P	Level 1	1 to 5 years	$ 9,049,172
U.S. agency securities	AA	S&P	Level 2	1 to 5 years	3,473,585
Commercial paper	A-1	S&P	Level 2	Less than 1 year	10,322,844
Life insurance contracts	Not Rated		N/A	N/A	30,198,062
Investment pools/mutual funds					
First American Government Obligation Fund	AAA	S&P	Level 2	N/A	810,404
Western Asset Institutional Government Reserves Fund	AAA	S&P	NAV	N/A	3,571,957
Mutual funds – fixed income	Not Rated		Level 2	N/A	11,998,838
Mutual funds – equities	Not Rated		Level 2	N/A	20,219,463
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	N/A	28,710,694
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A	N/A	19,129,665
Minnesota School District Liquid Asset Fund Term Series	AAA	S&P	N/A	Less than 1 year	31,800,000
Total investments					$ 169,284,684

N/A – Not Applicable
NAV – Net Asset Value

Investments in life insurance contracts are reported at cash surrender value, and are not subject to fair value reporting standards.

For the Western Asset Institutional Government Reserves Fund, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice period required.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

The MNTrust Investment Shares Portfolio, Minnesota School District Liquid Asset Fund (MSDLAF), and MSDLAF Term Series are external investment pools not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on an amortized cost method that approximates fair value. For these investment pools, there are no unfunded commitments, redemption frequency is daily, there is no redemption notice for the MNTrust investments, MSDLAF Term Series, or the MSDLAF Liquid Class, and the redemption notice period is 14 days for the MSDLAF MAX Class.

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to 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 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District's investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District's investment policies do not address interest rate risk; however, when purchasing investments, the District considers such things as interest rates and cash flow needs.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	$ 24,938,301	$ 6,024,609	$ -	$ 30,962,910
Construction in progress	358,731	5,071,015	-	5,429,746
Total capital assets, not depreciated	25,297,032	11,095,624	-	36,392,656
Capital assets, depreciated				
Land improvements	9,687,055	-	-	9,687,055
Buildings and improvements	265,230,681	5,030,000	(48,506)	270,212,175
Equipment and transportation vehicles	12,870,174	386,716	(504,338)	12,752,552
Food service equipment	1,312,063	87,332	(258,783)	1,140,612
Total capital assets, depreciated	289,099,973	5,504,048	(811,627)	293,792,394
Less accumulated depreciation for				
Land improvements	(7,291,968)	(303,961)	-	(7,595,929)
Buildings and improvements	(91,282,320)	(7,193,079)	46,303	(98,429,096)
Equipment and transportation vehicles	(11,633,251)	(275,143)	472,266	(11,436,128)
Food service equipment	(926,823)	(57,783)	258,783	(725,823)
Total accumulated depreciation	(111,134,362)	(7,829,966)	777,352	(118,186,976)
Net capital assets, depreciated	177,965,611	(2,325,918)	(34,275)	175,605,418
Total capital assets, net	$ 203,262,643	$ 8,769,706	$ (34,275)	$ 211,998,074

Depreciation expense for the year was charged to the following governmental functions:

Administration	$ 16,359
Elementary and secondary regular instruction	4,392,799
Instructional support services	3,443
Sites and buildings	3,364,559
Food service	52,806
Total depreciation expense	$ 7,829,966

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

The District currently has the following general obligation bonds payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
General obligation bonds payable					
School building refunding bonds	12/15/2007	4.00–5.50%	$ 4,725,000	02/01/2019	$ 535,000
Capital facilities bonds	04/15/2010	2.00–3.00%	$ 5,000,000	02/01/2020	1,095,000
Alternative facilities bonds	05/02/2012	2.00–3.00%	$ 15,800,000	02/01/2024	13,925,000
School building bonds	05/22/2014	1.50–4.00%	$ 109,645,000	02/01/2035	109,345,000
Alternative facilities bonds	05/22/2014	3.00–4.00%	$ 27,160,000	02/01/2036	27,160,000
School building refunding bonds	11/17/2015	2.00%	$ 1,820,000	02/01/2020	1,205,000
School building bonds	02/15/2018	3.00–5.00%	$ 66,895,000	02/01/2038	66,895,000
Total general obligation bonds payable					$ 220,160,000

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

B. Certificates of Participation Payable

The District currently has the following certificates of participation payable outstanding:

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2010B Refunding Certificates of Participation	04/15/2010	3.00–3.05%	$ 1,250,000	10/01/2018	$ 155,000
2013A Certificates of Participation	02/27/2013	2.00–2.60%	$ 9,980,000	10/01/2027	6,845,000
Total certificates of participation payable					$ 7,000,000

These certificates of participation were issued to finance construction of capital facilities and to finance the retirement (refunding) of prior certificate issues. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

C. Capital Leases Payable

On October 26, 2012, the District entered into a master lease purchase agreement with Apple, Inc. for iPads. The District acquires equipment from time to time under this master agreement as needed. Each lease schedule added under this master lease agreement adds equipment to the lease and carries its own lease term and payment schedule. The lease schedules have an interest rate of 1.49 percent and mature in fiscal year 2020. Upon payment in full of all scheduled lease payments, the lessor's (Apple, Inc.'s) interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. The assets acquired through this capital lease were not capitalized as individual asset amounts do not meet the capitalization threshold requirements. The General Fund will be used to liquidate this liability.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

The District entered into a capital lease agreement for a dump truck. This lease has an effective interest rate of 3.9 percent, and called for annual principal and interest payments through November 1, 2017. The leased assets were recorded in equipment and transportation vehicles at $136,787, and total accumulated depreciation on these assets at June 30, 2018 was $95,751. The lease is being paid through the General Fund.

The District entered into a capital lease agreement to finance the construction of a turf field. The lease has an effective interest rate of 2.28 percent, and calls for annual principal and interest payments through February 1, 2026. The leased assets were recorded in buildings and improvements at $3,986,000 and total accumulated depreciation on these assets at June 30, 2018 was $298,950. The lease is being paid through the General Fund.

The District entered into a capital lease agreement to finance the construction of a building addition to Meadow Ridge Elementary School. The lease has an effective interest rate of 2.24 percent, and calls for semiannual principal and interest payments through April 1, 2032. The leased assets were recorded in buildings and improvements at $5,030,000 and total accumulated depreciation on these assets at June 30, 2018 was $50,300. The lease is being paid through the General Fund.

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, severance benefits, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid primarily from the General Fund.

District employees participate in several pension plans described later in these notes, including two state-wide, cost-sharing, multiple-employer defined benefit plans administered by the PERA and the TRA, one single-employer defined benefit plan administered by the District, and one single-employer defined contribution plan administered by the District. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2018:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Defined benefit plans				
State-wide, multiple-employer – PERA	$ 23,499,261	$ 6,610,229	$ 5,379,196	$ 2,607,960
State-wide, multiple-employer – TRA	234,491,429	134,905,648	37,492,146	41,000,963
Single-employer – District	6,069,186	–	100,775	399,702
Defined contribution plan				
Single-employer – District	–	–	–	286,406
Total	$ 264,059,876	$ 141,515,877	$ 42,972,117	$ 44,295,031

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

E. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, certificates of participation, and capital leases are as follows:

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Certificates of Participation Principal	Certificates of Participation Interest	Capital Leases Principal	Capital Leases Interest
2019	$ 4,280,000	$ 7,593,716	$ 775,000	$ 145,184	$ 1,309,505	$ 195,418
2020	5,315,000	7,564,363	635,000	130,270	1,074,751	170,580
2021	6,110,000	7,443,113	645,000	117,470	709,748	149,118
2022	7,155,000	7,231,863	660,000	104,420	725,895	132,971
2023	8,235,000	6,966,463	675,000	91,070	742,410	116,456
2024–2028	56,210,000	29,764,863	3,610,000	223,700	3,057,229	336,621
2029–2033	69,585,000	18,369,163	–	–	1,555,105	79,396
2034–2038	63,270,000	5,783,706	–	–	–	–
	$ 220,160,000	$ 90,717,250	$ 7,000,000	$ 812,114	$ 9,174,643	$ 1,180,560

F. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds payable	$ 156,210,000	$ 66,895,000	$ 2,945,000	$ 220,160,000	$ 4,280,000
Certificates of participation payable	7,755,000	–	755,000	7,000,000	775,000
Unamortized premium	3,120,929	3,406,305	318,770	6,208,464	–
Total bonds payable	167,085,929	70,301,305	4,018,770	233,368,464	5,055,000
Capital leases payable	5,092,079	6,172,455	2,089,891	9,174,643	1,309,505
Net pension liability	313,987,291	6,069,565	55,996,980	264,059,876	–
Net OPEB liability	9,635,916	684,328	1,568,100	8,752,144	–
Severance benefits payable	4,022,330	547,025	483,359	4,085,996	318,797
Compensated absences payable	620,303	1,481,933	1,410,024	692,212	692,212
	$ 500,443,848	$ 85,256,611	$ 65,567,124	$ 520,133,335	$ 7,375,514

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, certain restrictions, which have an accumulated deficit balance at June 30, are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included on the following page, since the District has specific authority to future resources for such deficits.

NOTE 5 – FUND BALANCES (CONTINUED)

A. Classifications

At June 30, 2018, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 157,337	$ –	$ –	$ 76,833	$ 234,170
Prepaid items	129,748	357,895	–	31,979	519,622
Total nonspendable	287,085	357,895	–	108,812	753,792
Restricted					
Staff development	406,318	–	–	–	406,318
Capital projects levy	1,473,848	–	–	–	1,473,848
Operating capital	3,433,797	–	–	–	3,433,797
Medical Assistance	456,731	–	–	–	456,731
Long-term facilities maintenance	–	425,506	–	–	425,506
Capital projects	–	68,489,100	–	–	68,489,100
Debt service	–	–	2,606,958	–	2,606,958
Food service	–	–	–	724,034	724,034
Community education programs	–	–	–	950,646	950,646
Early childhood family education programs	–	–	–	382,100	382,100
School readiness	–	–	–	26,143	26,143
Community service	–	–	–	741,098	741,098
Total restricted	5,770,694	68,914,606	2,606,958	2,824,021	80,116,279
Assigned					
Local collaborative time study	272,227	–	–	–	272,227
Reemployment insurance	36,830	–	–	–	36,830
Site carryover	1,036,415	–	–	–	1,036,415
Q Comp	85,605	–	–	–	85,605
School opening costs	945,305	–	–	–	945,305
Workers' compensation escrow	635,457	–	–	–	635,457
Post-employment obligations	2,156,636	–	–	–	2,156,636
Subsequent year budget	544,268	–	–	–	544,268
Total assigned	5,712,743	–	–	–	5,712,743
Unassigned					
Long-term facilities maintenance restricted account deficit	(3,790,816)	–	–	–	(3,790,816)
Unassigned	12,095,480	–	–	–	12,095,480
Total unassigned	8,304,664	–	–	–	8,304,664
Total	$ 20,075,186	$ 69,272,501	$ 2,606,958	$ 2,932,833	$ 94,887,478

B. Minimum Unassigned Fund Balance Policy

The District's adopted fund balance policy for the General Fund establishes a year-end minimum unassigned fund balance of 5.0–7.0 percent of the previous year's expenditures, increased to compensate for any negative balances in the Food Service Special Revenue Fund and/or Community Service Special Revenue Fund. If the unassigned fund balance for the General Fund falls below the projected minimum balance of 7.0 percent, the District's administration will notify the School Board and present a plan to restore the fund balance to the acceptable level. At June 30, 2018, the unassigned fund balance of the General Fund, excluding restricted account deficits, was 8.1 percent of fiscal 2018 expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

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

2. Teachers Retirement Association (TRA)

The 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. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the City of St. Paul and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by Minnesota State Colleges and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan administered by MnSCU.

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

- **PERA** – Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90.0 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90.0 percent funded, or have fallen below 80.0 percent, are given 1.0 percent increases.

- **TRA** – Post-retirement benefit increases are provided to eligible benefit recipients each January and are assumed to remain level at 2.0 percent annually through 2018, and 1.0 percent thereafter.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

1. **GERF Benefits**

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 the PERA's Coordinated Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 1.7 percent of average salary for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

2. **TRA Benefits**

The 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 Statutes and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for the 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

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are up to July 1, 2006 or after	1.9 %

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) Three percent 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).

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Tier II Benefits

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

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

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

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. **GERF Contributions**

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2018; the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2018, were $1,874,024. The District's contributions were equal to the required contributions as set by state statutes.

2. **TRA Contributions**

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,			
	2017		2018	
	Employee	Employer	Employee	Employer
Basic Plan	11.0 %	11.5 %	11.0 %	11.5 %
Coordinated Plan	7.5 %	7.5 %	7.5 %	7.5 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2018, were $5,026,531. The District's contributions were equal to the required contributions for each year as set by state statutes.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

The following is a reconciliation of employer contributions in the TRA's Comprehensive Annual Financial Report (CAFR) Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	in thousands
Employer contributions reported in the TRA's CAFR Statement of Changes in Fiduciary Net Position	$ 367,791
Add employer contributions not related to future contribution efforts	810
Deduct the TRA's contributions not included in allocation	(456)
Total employer contributions	368,145
Total nonemployer contributions	35,588
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	$ 403,733

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. The TRA has rounded percentage amounts to the nearest ten thousandths.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2018, the District reported a liability of $23,499,261 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2017, 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 received by the PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3681 percent at the end of the measurement period and 0.3669 percent for the beginning of the period.

The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $6 million to the fund. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. 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:

District's proportionate share of the net pension liability	$ 23,499,261
State's proportionate share of the net pension liability associated with the District	$ 295,505

For the year ended June 30, 2018, the District recognized pension expense of $2,599,427 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $8,533 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $6 million to the GERF.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2018, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 774,464	$ 1,508,664
Changes in actuarial assumptions	3,888,665	2,355,803
Differences between projected and actual investment earnings	–	1,027,469
Changes in proportion	73,076	487,260
District's contributions to the GERF subsequent to the measurement date	1,874,024	–
Total	$ 6,610,229	$ 5,379,196

A total of $1,874,024 reported as deferred outflows of resources related to pensions resulting from district contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	$ (573,222)
2020	$ 1,351,897
2021	$ (424,169)
2022	$ (997,497)

2. TRA Pension Costs

At June 30, 2018, the District reported a liability of $234,491,429 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2017, 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 the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 1.1747 percent at the end of the measurement period and 1.1661 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to the 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:

District's proportionate share of the net pension liability	$ 234,491,429
State's proportionate share of the net pension liability associated with the District	$ 22,668,335

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

For the year ended June 30, 2018, the District recognized pension expense of $40,566,202. It also recognized $434,761 as an increase to pension expense for the support provided by direct aid.

At June 30, 2018, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,862,589	$ 1,646,589
Changes in actuarial assumptions	126,180,315	32,848,547
Difference between projected and actual investment earnings	-	2,173,397
Changes in proportion	1,836,213	823,613
District's contributions to the TRA subsequent to the measurement date	5,026,531	-
Total	$ 134,905,648	$ 37,492,146

A total of $5,026,531 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	$ 24,392,185
2020	$ 28,668,978
2021	$ 24,830,176
2022	$ 21,051,528
2023	$ (6,555,896)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50% per year	
Price inflation		2.50%
Wage growth rate		2.85% for 10 years, and 3.25% thereafter
Active member payroll	3.25% per year	2.85% to 8.85% for 10 years, and 3.25 to 9.25% thereafter
Investment rate of return	7.50%	5.12%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.0 percent per year for the GERF through 2044, and then 2.5 percent thereafter, and 2.0 percent per year for all future years for the TRA.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Actuarial assumptions used in the June 30, 2017 valuation for the GERF were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2015.

The following changes in actuarial assumptions occurred in 2017:

1. **GERF**

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2. **TRA**

- The cost of living adjustment (COLA) was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

The long-term expected rate of return on pension plan investments is 7.50 percent for the GERF and 5.12 percent for the TRA. The Minnesota State Board of Investment, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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 stocks	39 %	5.10 %
International stocks	19	5.30 %
Bonds	20	0.75 %
Alternative assets	20	5.90 %
Cash	2	– %
Total	100 %	

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was 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.

2. TRA

The discount rate used to measure the total pension liability was 5.12 percent. This is an increase from the discount rate at the prior measurement date of 4.66 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2017 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.50 percent) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56 percent was applied to periods on and after 2053, resulting in a SEIR of 5.12 percent. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01 percent).

G. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	$ 36,449,100	$ 23,499,261	$ 12,897,466
TRA discount rate	4.12%	5.12%	6.12%
District's proportionate share of the TRA net pension liability	$ 309,483,502	$ 234,491,429	$ 171,263,989

H. Pension Plan Fiduciary Net Position

Pension Benefit Reforms – The 2018 pension bill included a number of reforms to the various defined benefit pension plans across the state, including the plans administered by the PERA and the TRA. The reforms include several changes, including modifications in future COLA and contribution rates.

Detailed information about the GERF's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

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

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible individuals and contract groups through its Defined Benefit Pension Plan, a single-employer defined benefit plan administered by the District. 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. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report.

These benefits are summarized as follows:

Teacher Pension Benefits – For eligible full-time teachers with at least 20 years of in-district service (or 15 years with the District and 25 years of teaching in the state of Minnesota), hired before July 1, 1998, and at least 55 years of age, the District pays a pension benefit equal to 80 days' pay.

Specialists Pension Benefits – For eligible specialists with at least 20 years of in-district service (or 10 years in-district specialist capacity with a total of 20 years of in-district service, or 25 years of directly related service with 15 of the years in the District), hired before July 1, 2003, and at least 55 years of age, the District pays a benefit equal to 75 days' pay.

Secretaries and Paraprofessionals Pension Benefits – For eligible secretaries and paraprofessionals with at least 20 years of in-district service (or 15 years for secretaries and paraprofessionals that retire by June 30, 2018) and at least 55 years of age, the District pays a pension benefit equal to 100 days' pay (or 80 days' pay for secretaries and paraprofessionals that retire by June 30, 2018).

Support Staff and Food Service Pension Benefits – For eligible support staff and food service employees with at least 20 years of in-district service and at least 55 years of age, the District pays a pension benefit equal to 75 days' pay for support staff and 100 days' pay for food service workers.

Custodians and Home Base Site Manager Pension Benefits – For eligible custodians with at least 15 years of service, hired before July 1, 2004, and at least 55 years of age; and eligible Home Base Site Managers with at least 20 years of service (or 10 years in-district Home Base Site Manager capacity with a total of 20 years of in-district service, or 25 years of directly related service with 15 of the years in-district), the District pays a pension benefit equal to 80 days' pay.

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. There are no invested plan assets accumulated for payment of future benefits. The operating funds are used for the funding of all pension/retirement benefits, which are accounted for in an Internal Service Fund. The District has not established a trust fund to finance these pension benefits.

C. Membership

Membership in the plan consisted of 601 active plan members as of the latest actuarial valuation.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2016 and measurement date as of June 30, 2018, using the entry age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.50%
20-year municipal bond yield	3.50%
Inflation rate	2.50%
Salary increases	3.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

E. Discount Rate

The discount rate used to measure the total pension liability was 3.50 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. The District discount rate used in the prior measurement date was 2.90 percent.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance – July 1, 2017	$ 6,054,159
Changes for the year	
Service cost	235,778
Interest	178,321
Assumption changes	(115,172)
Benefit payments	(283,900)
Total net changes	15,027
Ending balance – June 30, 2018	$ 6,069,186

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 2.90 percent to 3.50 percent.

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

G. Total Pension Liability Sensitivity to Discount Rate Changes

The following presents the total pension liability of the District, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Pension discount rate	2.50%	3.50%	4.50%
Total pension liability	$ 6,302,143	$ 6,069,186	$ 5,836,518

H. Pension Expense and Related Deferred Outflows and Deferred Inflows of Resources

For the current year ended, the District recognized pension expense of $399,702. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ -	$ 100,775

Amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension plan will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	$ (14,397)
2020	$ (14,397)
2021	$ (14,397)
2022	$ (14,397)
2023	$ (14,397)
Thereafter	$ (28,790)

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN – DISTRICT

On July 1, 2015, the District established a single-employer defined contribution pension plan administered by the District. The plan is offered to all administrators, executive directors, principals, and the superintendent. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing district employees and are renegotiated each bargaining period. Eligibility for these benefits is based on years of service and/or minimum age requirements. Annual employer contributions are equal to five percent of the eligible employees' annual salary as of June 30th of each year, paid annually for the 10 fiscal years prior to the employee reaching the eligibility requirements for retirement pay benefits as set forth in their respective contracts.

Employer contributions are payable within 60 days following June 30th of each of the 10 years the employee is eligible to receive the benefits, and are deposited into the Minnesota State Retirement System Healthcare Savings Plan and an IRC § 403(b) retirement account. All employer contributions are tax deferred until the time of withdrawal. At June 30, 2018, there were 47 active plan participants. The District has not established a trust fund to finance these pension benefits.

Total contributions made by the District during the fiscal year ended June 30, 2018 were $286,406, which is equal to the required contributions and has been recognized as pension expense in the Early Retirement Accounts Internal Service Fund.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the school board of the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District has established the Post-Employment Benefits Trust Fund to account for the assets of the plan and finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage through the District. For members of certain employee groups, the District pays for all or part of the eligible retiree's premiums for medical and/or dental insurance from the time of retirement until the employee reaches the age of eligibility for Medicare. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	234
Active plan members	1,499
Total members	1,733

E. Net OPEB Liability of the District

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 41,280,849
Plan fiduciary net position	(32,528,705)
District's net OPEB liability	$ 8,752,144
Plan fiduciary net position as a percentage of the total OPEB liability	78.8%

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the entry age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.90%
Expected long-term investment return	4.50% (net of investment expenses)
20-year municipal bond yield	3.50%
Inflation rate	2.50%
Salary increases	3.00%
Medical trend rate	6.50% in 2017, grading to 5.00% over 6 years
Dental trend rate	4.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

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 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 allocation and best-estimates of arithmetic 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	39.00 %	5.20 %
International equity	21.00	5.20 %
Fixed income	36.00	3.80 %
Cash	4.00	0.80 %
Total	100.00 %	4.50 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 7.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 3.90 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The District discount rate used in the prior measurement date was 3.50 percent.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance – July 1, 2017	$ 42,005,925	$ 32,370,009	$ 9,635,916
Changes for the year			
Service cost	2,390,402	-	2,390,402
Interest	1,513,499	-	1,513,499
Assumption changes	(1,204,821)	-	(1,204,821)
Plan changes	(1,097,125)	-	(1,097,125)
Contributions – paid through operating funds	-	27,031	(27,031)
Projected investment return	-	1,456,650	(1,456,650)
Difference between expected and actual experience	-	1,002,046	(1,002,046)
Benefit payments – paid through trust	(2,300,000)	(2,300,000)	-
Benefit payments – paid through operating funds	(27,031)	(27,031)	-
Total net changes	(725,076)	158,696	(883,772)
Ending balance – June 30, 2018	$ 41,280,849	$ 32,528,705	$ 8,752,144

Assumption and other plan changes since the prior measurement date include the following:

- A hire by date of July 30, 2018 was added in order to be eligible for post-employment medical, dental, and life insurance subsidies for administrators, executive directors, and principals.
- For administrators, executive directors, and principals, the District's post-employment medical contributions were changed to equal $1,000 per month payable from retirement until age 65. The District's post-employment dental contributions were changed to equal the full employee and spouse premiums, but limited to $120 per month. These subsidies will be calculated at retirement and will be paid as lump sums to a healthcare savings plan within 60 days of retirement.
- The post-employment life insurance premium subsidies were updated to equal full salary at retirement payable until age 70, and $25,000 thereafter for the administrators, executive directors, and principals.
- The expected long-term investment return was changes from 4.40 percent to 4.50 percent.
- The discount rate was changed from 3.50 percent to 3.90 percent.

J. Net OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

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 that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.90%	3.90%	4.90%
Net OPEB liability	$ 11,816,288	$ 8,752,144	$ 5,868,870

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (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 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB medical trend rate	5.50% decreasing to 4.00% over 6 years	6.50% decreasing to 5.00% over 6 years	7.50% decreasing to 6.00% over 6 years
OPEB dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	$ 5,845,336	$ 8,752,144	$ 12,107,240

K. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the District recognized OPEB expense of $684,328. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ -	$ 1,070,952
Differences between projected and actual investment earnings	-	1,796,190
Total	$ -	$ 2,867,142

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,	OPEB Expense Amount
2019	$ (665,798)
2020	$ (665,798)
2021	$ (665,795)
2022	$ (334,275)
2023	$ (133,869)
Thereafter	$ (401,607)

NOTE 10 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a cafeteria plan (the Plan) under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from July 1 to June 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for total contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

All assets of the Plan are held in the District's general checking account and are administered by an employee of the District. Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers. These payments are made on a timely basis and are accounted for primarily in the District's Self-Insurance Accounts Internal Service Fund. The medical reimbursement and dependent care activity in the financial statements is accounted for in the General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 11 – INTERFUND BALANCES AND TRANSACTIONS

A. Interfund Receivables and Payables

The District had the following interfund receivables and payables at June 30, 2018:

	Due From Other Funds	Due To Other Funds
General Fund	$ 17,792,359	$ 1,312,211
Internal Service Fund	1,312,211	17,292,359
Post-Employment Benefits Trust Fund	-	500,000
	$ 19,104,570	$ 19,104,570

As of June 30, 2018, the District had an interfund receivable in the General Fund of $17,792,359. Of that amount, $17,292,359 is due from the Internal Service Fund to eliminate a temporary cash deficit and $500,000 is due from the Post-Employment Benefits Trust Fund to reimburse post-employment benefit costs.

As of June 30, 2018, the District's Internal Service Fund had an interfund receivable of $1,312,211 due from the General Fund for medical and dental insurance premiums.

Such interfund balances are reported in the fund financial statements, but are eliminated as necessary in the government-wide financial statements.

NOTE 11 – INTERFUND BALANCES AND TRANSACTIONS (CONTINUED)

B. Interfund Transfers

	Transfers In			
	Governmental Funds			
Transfers Out	General Fund	Capital Projects – Building Construction Fund	Nonmajor Funds	Total
Governmental funds				
General Fund	$ -	$ 5,350,500	$ 11,378	$ 5,361,878
Capital Projects – Building Construction Fund	1,417,421	-	-	1,417,421
Total	$ 1,417,421	$ 5,350,500	$ 11,378	$ 6,779,299

The General Fund transferred $5,350,500 to the Capital Projects – Building Construction Fund to allocate revenues levied by the General Fund required to be expended by the Capital Projects – Building Construction Fund.

The General Fund transferred $11,378 to the Community Service Special Revenue Fund to finance community service program costs.

The Capital Projects – Building Construction Fund transferred $1,417,421 to the General Fund to allocate resources to the fund from which they will be expended.

Such interfund transfers are reported in the fund financial statements, but are eliminated in the government-wide financial statements.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Operating Leases

The District is obligated under several operating leases for buildings and office and other equipment. Annual minimum lease payments for the operating leases are as follows:

Year Ending June 30,	Amount
2019	$ 1,188,338
2020	969,641
2021	978,941
2022	107,258
2023	32,148
	$ 3,276,326

Expenditures under the operating leases for the year ended June 30, 2018 were $1,202,670.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

C. Federal and State Revenues

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 funds. The amount, if any, of funds which may be disallowed by the agency cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

D. Construction Contracts

At June 30, 2018, the District had commitments totaling $17,035,019 under various construction contracts for which the work was not yet completed.

NOTE 13 – SUBSEQUENT EVENTS

A. Capital Leases

In July 2018, the District entered into a capital lease for technology equipment totaling $393,950 with an interest rate of 1.69 percent and payments over three years. The lease matures in July 2020.

In July 2018, the District entered into a capital lease for technology equipment totaling $143,550 with an interest rate of 4.09 percent and payments over three years. The lease matures in July 2020.

B. Land Acquisition

On July 9, 2018, the School Board approved the purchase of certain real property at a purchase price of $8,500,000.

INDEPENDENT SCHOOL DISTRICT NO. 284

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2018

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.4010%	$ 18,836,971	$ –	$ 18,836,971	$ 21,580,149	87.29%	78.70%
06/30/2016	06/30/2015	0.3690%	$ 19,123,495	$ –	$ 19,123,495	$ 21,662,426	88.28%	78.20%
06/30/2017	06/30/2016	0.3669%	$ 29,790,460	$ 388,978	$ 30,179,438	$ 22,576,588	131.95%	68.90%
06/30/2018	06/30/2017	0.3681%	$ 23,499,261	$ 295,505	$ 23,794,766	$ 23,723,555	99.05%	75.90%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2018

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 1,591,536	$ 1,591,536	$ –	$ 21,662,426	7.35%
06/30/2016	$ 1,693,427	$ 1,693,427	$ –	$ 22,576,588	7.50%
06/30/2017	$ 1,778,667	$ 1,778,667	$ –	$ 23,723,555	7.50%
06/30/2018	$ 1,874,024	$ 1,874,024	$ –	$ 24,982,890	7.50%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2018

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.2442%	$ 57,331,835	$ 4,033,134	$ 61,364,969	$ 59,468,413	96.41%	81.50%
06/30/2016	06/30/2015	1.1745%	$ 72,654,441	$ 8,912,006	$ 81,566,447	$ 59,480,901	122.15%	76.80%
06/30/2017	06/30/2016	1.1661%	$278,142,672	$ 27,917,266	$306,059,938	$ 60,632,426	458.74%	44.88%
06/30/2018	06/30/2017	1.1747%	$234,491,429	$ 22,668,335	$257,159,764	$ 63,155,618	371.29%	51.57%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2018

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 4,460,131	$ 4,460,131	$ –	$ 59,480,901	7.50%
06/30/2016	$ 4,549,049	$ 4,549,049	$ –	$ 60,632,426	7.50%
06/30/2017	$ 4,742,705	$ 4,742,705	$ –	$ 63,155,618	7.51%
06/30/2018	$ 5,026,531	$ 5,026,531	$ –	$ 66,998,054	7.50%

Note: The District implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2014 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

Defined Benefit Pension Plan
Schedule of Changes in the District's Net
Pension Liability and Related Ratios
Year Ended June 30, 2018

	2018	2017
Total pension liability		
Service cost	$ 235,778	$ 252,269
Interest	178,321	177,900
Assumption changes	(115,172)	–
Benefit payments	(283,900)	(512,772)
Net change in total pension liability	15,027	(82,603)
Total pension liability – beginning of year	6,054,159	6,136,762
Total pension liability – end of year	$ 6,069,186	$ 6,054,159
Covered-employee payroll	$ 28,844,944	$ 28,004,800
Total pension liability as a percentage of covered-employee payroll	21.04%	21.62%

Note 1: The District has not established a trust fund to finance GASB Statement No. 73 related benefits.

Note 2: The District implemented GASB Statement No. 73 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Net
OPEB Liability and Related Ratios
Year Ended June 30, 2018

	2018	2017
Total OPEB liability		
Service cost	$ 2,390,402	$ 2,551,063
Interest	1,513,499	1,454,492
Assumption changes	(1,204,821)	–
Plan changes	(1,097,125)	–
Benefit payments	(2,327,031)	(1,993,798)
Net change in total OPEB liability	(725,076)	2,011,757
Total OPEB liability – beginning of year	42,005,925	39,994,168
Total OPEB liability – end of year	41,280,849	42,005,925
Plan fiduciary net position		
Contributions – employer	27,031	293,798
Projected investment earnings	1,456,650	1,366,041
Differences between expected and actual experience	1,002,046	1,657,592
Benefit payments	(2,327,031)	(1,993,798)
Net change in plan fiduciary net position	158,696	1,323,633
Plan fiduciary net position – beginning of year	32,370,009	31,046,376
Plan fiduciary net position – end of year	32,528,705	32,370,009
Net OPEB liability	$ 8,752,144	$ 9,635,916
Fiduciary net position as a percentage of the total OPEB liability	78.80%	77.06%
Covered-employee payroll	$ 84,803,404	$ 82,333,402
Net OPEB liability as a percentage of covered-employee payroll	10.32%	11.70%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2018

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	9.7%
2018	7.6%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 284

Notes to Required Supplementary Information
June 30, 2018

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.

- 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 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

2015 Changes in Actuarial Assumptions:

- The assumed post-retirement 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.

TRA

2017 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The cost of living adjustment (COLA) was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS:

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

INDEPENDENT SCHOOL DISTRICT NO. 284

Notes to Required Supplementary Information (continued)
June 30, 2018

PENSION BENEFITS PLAN

2018 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The discount rate was changed from 2.90 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The mortality table was updated from RP-2000 projected to 2014 with Scale BB, to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 4.00 percent to 2.90 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2018 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The expected long-term investment return was changed from 4.40 percent to 4.50 percent.
- The discount rate was changed from 3.50 percent to 3.90 percent.

2018 CHANGES IN PLAN PROVISIONS:

- A hire by date of July 30, 2018 was added in order to be eligible for post-employment medical, dental, and life insurance subsidies for administrators, executive directors, and principals.
- For administrators, executive directors, and principals, the District's post-employment medical contributions were changed to equal $1,000 per month payable from retirement until age 65. The District's post-employment dental contributions were changed to equal the full employee and spouse premiums but limited to $120 per month. These subsidies will be calculated at retirement and will be paid as lump sums to a Health Care Savings Plan within 60 days of retirement.
- The post-employment life insurance premium subsidies were updated to equal full salary at retirement payable until age 70 and $25,000 thereafter for the administrators, executive directors, and principals.

Notes to Required Supplementary Information (continued)
June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.
- The withdrawal table for all employees and the retirement table for only employees eligible to retire with Rule of 90 also were updated.
- The discount rate was changed from 6.00 percent to 3.50 percent.
- The percentage of future retirees who are assumed to continue on one of the District's medical plans post-employment was reduced from 50 percent to 10 percent for part-time custodians, food service employees, and paraprofessionals.

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2018

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 1,002,416	$ 3,234,776	$ 4,237,192
Receivables			
Current taxes	–	539,891	539,891
Delinquent taxes	–	4,222	4,222
Accounts and interest	65,757	98,204	163,961
Due from other governmental units	7,586	117,037	124,623
Inventory	76,833	–	76,833
Prepaid items	15,397	16,582	31,979
Total assets	$ 1,167,989	$ 4,010,712	$ 5,178,701
Liabilities			
Salaries payable	$ 13,749	$ 318,828	$ 332,577
Accounts and contracts payable	58,102	93,228	151,330
Due to other governmental units	–	323	323
Unearned revenue	279,874	247,633	527,507
Total liabilities	351,725	660,012	1,011,737
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,226,070	1,226,070
Unavailable revenue	–	8,061	8,061
Total deferred inflows of resources	–	1,234,131	1,234,131
Fund balances			
Nonspendable for inventory	76,833	–	76,833
Nonspendable for prepaid items	15,397	16,582	31,979
Restricted	724,034	2,099,987	2,824,021
Total fund balances	816,264	2,116,569	2,932,833
Total liabilities, deferred inflows of resources, and fund balances	$ 1,167,989	$ 4,010,712	$ 5,178,701

INDEPENDENT SCHOOL DISTRICT NO. 284

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2018

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 998,287	$ 998,287
Other	5,357,091	8,164,553	13,521,644
State sources	154,131	748,049	902,180
Federal sources	1,058,309	–	1,058,309
Total revenue	6,569,531	9,910,889	16,480,420
Expenditures			
Current			
Food service	6,403,380	–	6,403,380
Community service	–	10,298,600	10,298,600
Capital outlay	5,788	83,473	89,261
Total expenditures	6,409,168	10,382,073	16,791,241
Excess (deficiency) of revenue over expenditures	160,363	(471,184)	(310,821)
Other financing sources			
Transfers in	–	11,378	11,378
Net change in fund balances	160,363	(459,806)	(299,443)
Fund balances			
Beginning of year	655,901	2,576,375	3,232,276
End of year	$ 816,264	$ 2,116,569	$ 2,932,833

INDEPENDENT SCHOOL DISTRICT NO. 284

General Fund
Comparative Balance Sheet
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 23,697,735	$ 18,253,701
Cash and investments held by trustee	647,457	868,019
Receivables		
Current taxes	24,332,223	25,610,094
Delinquent taxes	147,210	232,567
Accounts and interest	164,385	801,846
Due from other governmental units	11,159,077	10,147,786
Due from other funds	17,792,359	14,018,251
Inventory	157,337	148,126
Prepaid items	129,748	207,585
Total assets	$ 78,227,531	$ 70,287,975
Liabilities		
Salaries payable	$ 251,151	$ 224,860
Accounts and contracts payable	4,489,795	4,878,634
Due to other governmental units	486,939	494,550
Due to other funds	1,312,211	–
Unearned revenue	104,161	106,037
Total liabilities	6,644,257	5,704,081
Deferred inflows of resources		
Property taxes levied for subsequent year	51,211,252	48,135,365
Unavailable revenue – delinquent taxes	296,836	299,425
Total deferred inflows of resources	51,508,088	48,434,790
Fund balances (deficits)		
Nonspendable for inventory	157,337	148,126
Nonspendable for prepaid items	129,748	207,585
Restricted for staff development	406,318	428,365
Restricted for capital projects levy	1,473,848	–
Restricted for health and safety	–	49,256
Restricted for operating capital	3,433,797	2,058,521
Restricted for safe schools	–	95,008
Restricted for Medical Assistance	456,731	193,205
Assigned for local collaborative time study	272,227	–
Assigned for reemployment insurance	36,830	59,278
Assigned for site carryover	1,036,415	1,039,527
Assigned for Q compensation	85,605	83,546
Assigned for school opening costs	945,305	945,305
Assigned for workers' compensation escrow	635,457	735,457
Assigned for post-employment obligations	2,156,636	2,054,946
Assigned for subsequent year budget	544,268	–
Unassigned – long-term facilities maintenance restricted account deficit	(3,790,816)	(4,941,891)
Unassigned	12,095,480	12,992,870
Total fund balances	20,075,186	16,149,104
Total liabilities, deferred inflows of resources, and fund balances	$ 78,227,531	$ 70,287,975

INDEPENDENT SCHOOL DISTRICT NO. 284

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 52,582,810	$ 52,199,508	$ (383,302)	$ 42,083,524
Investment earnings	3,050,000	299,096	(2,750,904)	459,399
Other	3,262,391	4,334,482	1,072,091	4,290,971
State sources	95,874,484	96,007,968	133,484	92,911,879
Federal sources	3,597,401	3,271,185	(326,216)	3,204,850
Total revenue	158,367,086	156,112,239	(2,254,847)	142,950,623
Expenditures				
Current				
Administration				
Salaries	3,129,487	3,181,073	51,586	3,100,067
Employee benefits	1,020,331	986,698	(33,633)	959,887
Purchased services	144,966	119,213	(25,753)	149,874
Supplies and materials	48,478	43,005	(5,473)	42,672
Capital expenditures	7,775	8,476	701	9,100
Other expenditures	52,285	42,397	(9,888)	46,217
Total administration	4,403,322	4,380,862	(22,460)	4,307,817
District support services				
Salaries	2,695,631	2,725,278	29,647	2,674,119
Employee benefits	413,340	485,143	71,803	701,010
Purchased services	1,234,414	1,334,976	100,562	1,286,146
Supplies and materials	207,602	235,646	28,044	182,411
Capital expenditures	81,116	17,379	(63,737)	6,017
Other expenditures	8,295	9,168	873	6,670
Total district support services	4,640,398	4,807,590	167,192	4,856,373
Elementary and secondary regular instruction				
Salaries	48,164,391	48,762,088	597,697	45,398,541
Employee benefits	13,524,116	14,030,876	506,760	13,501,927
Purchased services	2,524,760	2,988,381	463,621	2,998,482
Supplies and materials	2,403,471	1,613,605	(789,866)	1,703,994
Capital expenditures	341,970	431,250	89,280	628,636
Other expenditures	625,875	525,855	(100,020)	522,905
Total elementary and secondary regular instruction	67,584,583	68,352,055	767,472	64,754,485

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 284

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,606,677	1,680,372	73,695	1,597,557
Employee benefits	574,651	537,467	(37,184)	501,100
Purchased services	745,582	678,692	(66,890)	624,107
Supplies and materials	23,506	23,831	325	28,710
Capital expenditures	11,000	13,017	2,017	11,229
Other expenditures	26,800	20,121	(6,679)	20,004
Total vocational education instruction	2,988,216	2,953,500	(34,716)	2,782,707
Special education instruction				
Salaries	13,004,929	12,853,353	(151,576)	12,183,353
Employee benefits	4,720,654	4,512,955	(207,699)	4,325,562
Purchased services	1,482,905	1,047,596	(435,309)	985,514
Supplies and materials	97,790	90,978	(6,812)	83,813
Capital expenditures	106,540	6,182	(100,358)	16,560
Other expenditures	138,200	147,325	9,125	143,351
Total special education instruction	19,551,018	18,658,389	(892,629)	17,738,153
Instructional support services				
Salaries	8,393,908	8,500,917	107,009	6,640,755
Employee benefits	3,109,940	3,337,356	227,416	2,494,784
Purchased services	1,707,921	820,499	(887,422)	502,173
Supplies and materials	2,161,901	1,415,102	(746,799)	179,571
Capital expenditures	2,966,213	1,890,923	(1,075,290)	556
Other expenditures	20,650	27,896	7,246	23,610
Total instructional support services	18,360,533	15,992,693	(2,367,840)	9,841,449
Pupil support services				
Salaries	3,060,043	2,863,576	(196,467)	2,828,646
Employee benefits	1,097,800	995,401	(102,399)	867,747
Purchased services	10,042,692	8,921,342	(1,121,350)	9,051,602
Supplies and materials	331,462	306,912	(24,550)	287,141
Capital expenditures	63,000	9,997	(53,003)	82,077
Other expenditures	500	929	429	530
Total pupil support services	14,595,497	13,098,157	(1,497,340)	13,117,743

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 284

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	5,059,389	4,965,542	(93,847)	4,560,778
Employee benefits	1,930,947	1,721,448	(209,499)	1,627,780
Purchased services	3,771,256	3,769,835	(1,421)	4,304,003
Supplies and materials	873,385	1,029,339	155,954	1,008,756
Capital expenditures	4,688,204	6,190,185	1,501,981	6,583,034
Other expenditures	17,825	16,536	(1,289)	5,075
Total sites and buildings	16,341,006	17,692,885	1,351,879	18,089,426
Fiscal and other fixed cost programs				
Purchased services	425,000	281,446	(143,554)	566,951
Debt service				
Principal	2,315,766	2,844,891	529,125	1,116,106
Interest and fiscal charges	260,035	321,687	61,652	289,124
Total debt service	2,575,801	3,166,578	590,777	1,405,230
Total expenditures	151,465,374	149,384,155	(2,081,219)	137,460,334
Excess of revenue over expenditures	6,901,712	6,728,084	(173,628)	5,490,289
Other financing sources (uses)				
Sale of capital assets	1,000	–	(1,000)	21,653
Capital lease issued	1,142,455	1,142,455	–	–
Transfers in	–	1,417,421	1,417,421	–
Transfers (out)	(5,350,500)	(5,361,878)	(11,378)	(13,117,868)
Total other financing sources (uses)	(4,207,045)	(2,802,002)	1,405,043	(13,096,215)
Net change in fund balances	$ 2,694,667	3,926,082	$ 1,231,415	(7,605,926)
Fund balances				
Beginning of year		16,149,104		23,755,030
End of year		$ 20,075,186		$ 16,149,104

INDEPENDENT SCHOOL DISTRICT NO. 284

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 1,002,416	$ 883,387
Receivables		
Accounts and interest	65,757	6,629
Due from other governmental units	7,586	–
Inventory	76,833	77,216
Prepaid items	15,397	4,871
Total assets	$ 1,167,989	$ 972,103
Liabilities		
Salaries payable	$ 13,749	$ 250
Accounts and contracts payable	58,102	44,559
Unearned revenue	279,874	271,393
Total liabilities	351,725	316,202
Fund balances		
Nonspendable for inventory	76,833	77,216
Nonspendable for prepaid items	15,397	4,871
Restricted for food service	724,034	573,814
Total fund balances	816,264	655,901
Total liabilities and fund balances	$ 1,167,989	$ 972,103

INDEPENDENT SCHOOL DISTRICT NO. 284

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other – primarily meal sales	$ 5,216,230	$ 5,357,091	$ 140,861	$ 5,067,696
State sources	149,000	154,131	5,131	149,084
Federal sources	1,017,000	1,058,309	41,309	1,034,769
Total revenue	6,382,230	6,569,531	187,301	6,251,549
Expenditures				
Current				
Salaries	2,101,552	1,938,398	(163,154)	1,978,719
Employee benefits	801,816	759,772	(42,044)	760,637
Purchased services	581,900	747,718	165,818	572,055
Supplies and materials	2,837,762	2,927,484	89,722	2,838,741
Other expenditures	29,200	30,008	808	23,198
Capital outlay	30,000	5,788	(24,212)	67,115
Total expenditures	6,382,230	6,409,168	26,938	6,240,465
Net change in fund balances	$ –	160,363	$ 160,363	11,084
Fund balances				
Beginning of year		655,901		644,817
End of year		$ 816,264		$ 655,901

INDEPENDENT SCHOOL DISTRICT NO. 284

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 3,234,776	$ 3,620,371
Receivables		
Current taxes	539,891	499,926
Delinquent taxes	4,222	7,134
Accounts and interest	98,204	136,601
Due from other governmental units	117,037	158,768
Prepaid items	16,582	18,580
Total assets	$ 4,010,712	$ 4,441,380
Liabilities		
Salaries payable	$ 318,828	$ 239,691
Accounts and contracts payable	93,228	180,159
Due to other governmental units	323	597
Unearned revenue	247,633	427,071
Total liabilities	660,012	847,518
Deferred inflows of resources		
Property taxes levied for subsequent year	1,226,070	1,004,811
Unavailable revenue – delinquent taxes	8,061	12,676
Total deferred inflows of resources	1,234,131	1,017,487
Fund balances		
Nonspendable for prepaid items	16,582	18,580
Restricted for community education programs	950,646	964,580
Restricted for early childhood family education programs	382,100	449,914
Restricted for school readiness	26,143	378,740
Restricted for community service	741,098	764,561
Total fund balances	2,116,569	2,576,375
Total liabilities, deferred inflows of resources, and fund balances	$ 4,010,712	$ 4,441,380

INDEPENDENT SCHOOL DISTRICT NO. 284

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 1,004,744	$ 998,287	$ (6,457)	$ 1,088,942
Other – primarily tuition and fees	8,157,750	8,164,553	6,803	7,410,890
State sources	713,473	748,049	34,576	827,217
Total revenue	9,875,967	9,910,889	34,922	9,327,049
Expenditures				
Current				
Salaries	5,842,213	6,503,911	661,698	5,537,318
Employee benefits	1,939,133	1,958,585	19,452	1,741,207
Purchased services	865,280	1,359,603	494,323	1,148,000
Supplies and materials	678,650	466,400	(212,250)	468,974
Other expenditures	9,900	10,101	201	16,617
Capital outlay	47,500	83,473	35,973	66,187
Total expenditures	9,382,676	10,382,073	999,397	8,978,303
Excess (deficiency) of revenue over expenditures	493,291	(471,184)	(964,475)	348,746
Other financing sources				
Transfers in	15,000	11,378	(3,622)	–
Net change in fund balances	$ 508,291	(459,806)	$ (968,097)	348,746
Fund balances				
Beginning of year		2,576,375		2,227,629
End of year		$ 2,116,569		$ 2,576,375

INDEPENDENT SCHOOL DISTRICT NO. 284

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 71,220,721	$ 11,194,350
Cash and investments held by trustee	115,687	192,251
Receivables		
Accounts and interest	352,703	11
Prepaid items	357,895	370,688
Total assets	$ 72,047,006	$ 11,757,300
Liabilities		
Salaries payable	$ –	$ 8,794
Due to other governmental units	153,760	–
Accounts and contracts payable	2,620,745	3,236,648
Total liabilities	2,774,505	3,245,442
Fund balances (deficits)		
Nonspendable for prepaid items	357,895	370,688
Restricted for capital projects levy	–	1,070,727
Restricted for long-term facilities maintenance	425,506	–
Restricted for capital projects	68,489,100	7,598,571
Unassigned – long-term facilities maintenance restricted account deficit	–	(528,128)
Total fund balances	69,272,501	8,511,858
Total liabilities and fund balances	$ 72,047,006	$ 11,757,300

INDEPENDENT SCHOOL DISTRICT NO. 284

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ –	$ 539,365	$ 539,365	$ 78,792
Other	–	–	–	404,453
Total revenue	–	539,365	539,365	483,245
Expenditures				
Capital outlay				
Salaries	–	32,375	32,375	1,893,278
Employee benefits	–	4,773	4,773	572,738
Purchased services	1,325,500	2,032,780	707,280	2,592,827
Supplies and materials	–	–	–	810,612
Capital expenditures	21,055,000	16,487,167	(4,567,833)	20,534,305
Other expenditures	–	–	–	244
Debt service				
Principal	–	–	–	1,538,504
Interest	482,556	482,556	–	21,385
Total expenditures	22,863,056	19,039,651	(3,823,405)	27,963,893
Excess (deficiency) of revenue over expenditures	(22,863,056)	(18,500,286)	4,362,770	(27,480,648)
Other financing sources (uses)				
Debt issued	66,895,000	66,891,545	(3,455)	–
Premium on debt issued	3,406,305	3,406,305	–	–
Capital lease issued	5,030,000	5,030,000	–	767,400
Transfers in	5,350,500	5,350,500	–	13,006,244
Transfers (out)	–	(1,417,421)	(1,417,421)	–
Total other financing sources (uses)	80,681,805	79,260,929	(1,420,876)	13,773,644
Net change in fund balances	$ 57,818,749	60,760,643	$ 2,941,894	(13,707,004)
Fund balances				
Beginning of year		8,511,858		22,218,862
End of year		$ 69,272,501		$ 8,511,858

INDEPENDENT SCHOOL DISTRICT NO. 284

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 9,432,157	$ 6,777,359
Receivables		
Current taxes	5,339,736	4,177,173
Delinquent taxes	47,980	78,989
Due from other governmental units	36	125
Total assets	$ 14,819,909	$ 11,033,646
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 12,126,321	$ 8,395,778
Unavailable revenue – delinquent taxes	86,630	161,936
Total deferred inflows of resources	12,212,951	8,557,714
Fund balances		
Restricted for debt service	2,606,958	2,475,932
Total deferred inflows of resources and fund balances	$ 14,819,909	$ 11,033,646

INDEPENDENT SCHOOL DISTRICT NO. 284

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2018
(With Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018			2017
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 8,395,227	$ 8,349,805	$ (45,422)	$ 14,470,028
State sources	500	310	(190)	712
Total revenue	8,395,727	8,350,115	(45,612)	14,470,740
Expenditures				
Debt service				
Principal	2,945,000	2,945,000	–	8,900,000
Interest	5,274,744	5,274,744	–	5,710,026
Fiscal charges and other	5,000	2,800	(2,200)	2,925
Total expenditures	8,224,744	8,222,544	(2,200)	14,612,951
Excess (deficiency) of revenue over expenditures	170,983	127,571	(43,412)	(142,211)
Other financing sources				
Debt issued	–	3,455	3,455	–
Net change in fund balances	$ 170,983	131,026	$ (39,957)	(142,211)
Fund balances				
Beginning of year		2,475,932		2,618,143
End of year		$ 2,606,958		$ 2,475,932

INDEPENDENT SCHOOL DISTRICT NO. 284

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2018
(With Comparative Totals as of June 30, 2017)

	Self-Insurance Accounts	Early Retirement Accounts	Totals 2018	Totals 2017
Assets				
Current assets				
Investments	$ 18,020,780	$ 10,020,646	$ 28,041,426	$ 26,719,212
Due from other funds	1,312,211	–	1,312,211	–
Prepaid items	3,500	–	3,500	–
Total current assets	19,336,491	10,020,646	29,357,137	26,719,212
Liabilities				
Current liabilities				
Accounts and contracts payable	7,151	–	7,151	6,660
Due to other funds	14,198,870	3,093,489	17,292,359	14,018,251
Claims incurred, but not reported	1,763,780	–	1,763,780	1,763,780
Severance benefits payable	–	318,797	318,797	339,381
Total current liabilities	15,969,801	3,412,286	19,382,087	16,128,072
Long-term liabilities				
Severance benefits payable	–	3,767,199	3,767,199	3,682,949
Retirement benefits payable	–	6,069,186	6,069,186	6,054,159
Total long-term liabilities	–	9,836,385	9,836,385	9,737,108
Total liabilities	15,969,801	13,248,671	29,218,472	25,865,180
Deferred inflows of resources				
Pension plan deferments	–	100,775	100,775	–
Net position				
Unrestricted	$ 3,366,690	$ (3,328,800)	$ 37,890	$ 854,032

INDEPENDENT SCHOOL DISTRICT NO. 284

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Self-Insurance Accounts	Early Retirement Accounts	Totals 2018	Totals 2017
Operating revenue				
Charges for services	$ 17,015,685	$ –	$ 17,015,685	$ 16,168,168
Operating expenses				
Dental benefit claims	1,379,610	–	1,379,610	1,293,546
Health benefit claims	16,516,897	–	16,516,897	16,111,586
Early retirement incentive and sick leave benefits	–	1,257,534	1,257,534	1,692,272
Total operating expenses	17,896,507	1,257,534	19,154,041	19,097,404
Operating income (loss)	(880,822)	(1,257,534)	(2,138,356)	(2,929,236)
Nonoperating revenue				
Investment earnings	849,719	472,495	1,322,214	1,348,033
Income (loss) before transfers	(31,103)	(785,039)	(816,142)	(1,581,203)
Transfers in	–	–	–	111,624
Change in net position	(31,103)	(785,039)	(816,142)	(1,469,579)
Net position				
Beginning of year	3,397,793	(2,543,761)	854,032	2,323,611
End of year	$ 3,366,690	$ (3,328,800)	$ 37,890	$ 854,032

INDEPENDENT SCHOOL DISTRICT NO. 284

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Self-Insurance Accounts	Early Retirement Accounts	Totals 2018	Totals 2017
Cash flows from operating activities				
Charges for services	$ 15,703,474	$ –	$ 15,703,474	$ 17,325,164
Payments for health and dental claims	(17,899,516)	–	(17,899,516)	(17,161,022)
Payments for retirement benefits	–	(1,078,066)	(1,078,066)	(2,569,818)
Net cash flows from operating activities	(2,196,042)	(1,078,066)	(3,274,108)	(2,405,676)
Cash flows from noncapital financing activities				
Cash advance from other funds	2,196,042	1,078,066	3,274,108	1,851,281
Net change in cash and cash equivalents	–	–	–	(554,395)
Cash and cash equivalents				
Beginning of year	–	–	–	554,395
End of year	$ –	$ –	$ –	$ –
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ (880,822)	$ (1,257,534)	$ (2,138,356)	$ (2,929,236)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets				
Due from other funds	(1,312,211)	–	(1,312,211)	1,156,996
Prepaid items	(3,500)	–	(3,500)	–
Changes in liabilities and deferred inflows				
Accounts and contracts payable	491	–	491	430
Claims incurred, but not reported	–	–	–	243,680
Severance benefits payable	–	63,666	63,666	(794,943)
Retirement benefits payable	–	15,027	15,027	(82,603)
Deferred inflows – pension deferments	–	100,775	100,775	–
Net cash flows from operating activities	$ (2,196,042)	$ (1,078,066)	$ (3,274,108)	$ (2,405,676)

INDEPENDENT SCHOOL DISTRICT NO. 284

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 32,025,036	$ 39,131,007	$ 46,774,439	$ 41,301,936	$ 46,152,372	$ 60,689,911	$ 65,253,780	$ 31,901,934	$ 40,112,576	$ 37,679,712
Restricted	10,005,749	10,578,725	14,051,983	26,816,481	27,560,100	12,624,943	13,091,641	13,662,842	7,822,506	10,695,169
Unrestricted	55,548,928	47,147,457	43,582,774	44,210,849	45,130,907	40,787,379	(50,117,797)	(46,927,869)	(122,259,148)	(158,453,974)
Total governmental activities net position	$ 97,579,713	$ 96,857,189	$ 104,409,196	$ 112,329,266	$ 118,843,379	$ 114,102,233	$ 28,227,624	$ (1,363,093)	$ (74,324,066)	$(110,079,093)

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased net position by approximately $87.5 million. Prior year amounts have not been restated.

Note 2: The District implemented GASB Statement Nos. 73, 74, and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased net position by approximately $29.9 million. Prior year amounts have not been restated.

INDEPENDENT SCHOOL DISTRICT NO. 284

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Expenses										
Administration	$ 3,681,537	$ 3,899,459	$ 3,818,998	$ 3,903,810	$ 3,995,998	$ 3,833,741	$ 3,839,848	$ 4,817,133	$ 6,700,296	$ 6,052,169
District support services	(2,757,790)	5,589,021	4,241,347	3,889,519	4,154,320	4,924,827	4,577,951	5,033,300	6,114,326	5,347,446
Elementary and secondary regular instruction	28,743,335	61,534,331	58,588,094	61,370,368	59,732,311	64,030,267	67,230,737	68,238,658	97,927,589	98,324,381
Vocational education instruction	1,432,049	2,508,024	2,456,472	2,244,616	2,629,151	2,376,614	2,922,503	2,804,948	3,737,593	3,782,104
Special education instruction	9,526,178	16,275,461	15,742,242	15,647,448	16,037,522	16,664,813	16,695,866	17,678,829	23,736,177	23,646,291
Instructional support services	7,519,905	8,390,114	9,018,954	9,285,367	8,464,618	9,446,640	9,267,077	10,313,332	13,276,121	18,777,288
Pupil support services	8,619,361	10,325,723	10,860,440	10,890,255	11,528,889	11,606,924	11,997,753	12,363,815	14,566,050	14,370,024
Sites and buildings	16,069,340	11,072,137	12,226,696	12,087,843	19,492,550	23,108,226	16,373,431	31,109,967	35,215,528	23,723,765
Fiscal and other fixed cost programs	356,785	259,189	313,591	296,088	318,578	355,757	385,547	417,879	566,951	281,446
Food service	4,635,568	4,814,452	4,978,695	5,140,315	5,193,226	5,367,185	5,619,154	5,896,122	6,484,275	6,469,883
Community service	6,846,110	7,955,136	7,945,819	7,960,867	7,913,272	8,343,413	7,512,257	8,207,904	9,811,345	10,971,816
Interest and fiscal charges	3,631,315	2,424,106	2,166,878	2,170,792	2,059,956	4,117,943	5,748,064	5,134,248	5,326,192	6,692,718
Unallocated depreciation	312,890	519,485	765,710	936,783	-	-	-	-	-	-
Total governmental activities expenses	88,616,583	135,566,638	133,123,936	135,824,071	141,520,391	154,176,350	152,170,188	172,016,135	223,462,443	218,439,331
Program revenues										
Charges for services										
Administration	53,339	164,606	194,753	151,210	275,959	202,982	166,265	215,357	57,422	39,922
Elementary and secondary regular instruction	1,073,360	930,553	1,002,420	1,002,847	1,080,264	1,021,619	1,159,389	1,262,298	1,287,405	1,323,071
Vocational education instruction	-	211	3,969	-	2,270	1,324	-	-	-	-
Special education instruction	-	552	6,606	9,404	4,441	560	247,585	322,586	350,928	498,813
Instructional support services	243	98	120	316	2,485	18,905	9,493	7,808	6,703	15,338
Pupil support services	39,046	70,359	89,244	88,946	14,543	28,369	28,178	25,773	22,018	152,731
Sites and buildings	464,982	436,390	487,538	471,737	461,493	662,870	512,766	575,910	558,826	628,772
Food service	3,863,351	3,797,912	3,747,616	3,860,359	3,884,424	3,806,157	4,222,938	4,447,648	5,067,696	5,357,091
Community service	5,257,945	5,737,747	6,034,944	5,865,887	6,137,955	6,529,492	5,556,600	6,382,167	7,410,890	8,164,553
Operating grants and contributions	13,267,583	20,286,746	14,898,308	17,204,917	15,850,856	15,171,555	15,216,756	16,140,494	17,625,350	16,357,459
Capital grants and contributions	-	-	-	-	252,929	346,713	910,167	911,502	1,351,039	2,870,495
Total governmental activities program revenues	24,019,849	31,425,174	26,465,518	28,655,623	27,967,619	27,790,546	28,030,137	30,291,543	33,738,277	35,408,245
Net (expense) revenue	(64,596,734)	(104,141,464)	(106,658,418)	(107,168,448)	(113,552,772)	(126,385,804)	(124,140,051)	(141,724,592)	(189,724,166)	(183,031,086)
General revenues and other changes in net position										
Taxes										
Property taxes, levied for general purposes	30,249,790	32,471,599	48,100,101	34,707,170	35,975,717	22,503,184	38,153,378	38,434,705	42,239,180	52,196,919
Property taxes, levied for community service	1,084,553	1,182,981	2,051,929	1,420,146	1,458,919	781,857	1,524,385	1,244,109	1,096,913	993,672
Property taxes, levied for debt service	9,327,038	9,539,122	10,086,556	10,416,814	10,992,579	11,203,441	11,401,371	15,673,366	14,587,642	8,274,499
General grants and aids	64,742,972	58,622,111	51,844,745	66,145,035	67,408,720	84,572,800	72,170,101	74,485,371	83,119,553	81,977,981
Other general revenues	1,640,676	1,259,027	1,434,200	1,544,009	3,459,844	1,413,287	1,376,993	1,240,454	2,001,619	1,672,313
Investment earnings	1,574,398	344,100	692,894	855,344	771,106	1,170,089	1,185,644	1,162,703	1,886,224	2,160,675
Total general revenues and other changes in net position	108,619,427	103,418,940	114,210,425	115,088,518	120,066,885	121,644,658	125,811,872	132,240,708	144,931,131	147,276,059
Change in net position	$ 44,022,693	$ (722,524)	$ 7,552,007	$ 7,920,070	$ 6,514,113	$ (4,741,146)	$ 1,671,821	$ (9,483,884)	$ (44,793,035)	$ (35,755,027)

Note: The District implemented GASB Statement No. 68 in fiscal 2015 and GASB Statement Nos. 73, 74, and 75 in fiscal 2017.

INDEPENDENT SCHOOL DISTRICT NO. 284

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	$ 7,788,448	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Unreserved	13,507,742	–	–	–	–	–	–	–	–	–
Nonspendable	–	1,063,623	1,129,123	599,557	153,963	139,900	170,070	196,566	355,711	287,085
Restricted	–	6,551,165	7,103,320	7,276,447	9,081,101	6,474,793	6,549,824	5,838,351	2,824,355	5,770,694
Committed	–	–	–	–	2,889,790	2,889,790	2,889,790	2,889,790	–	–
Assigned	–	3,583,266	1,983,458	2,270,381	1,859,114	1,766,330	2,508,237	5,482,867	4,918,059	5,712,743
Unassigned	–	11,572,351	11,525,345	12,213,903	11,476,097	10,926,181	9,306,757	9,347,456	8,050,979	8,304,664
Total General Fund	$ 21,296,190	$ 22,770,405	$ 21,741,246	$ 22,360,288	$ 25,460,065	$ 22,196,994	$ 21,424,678	$ 23,755,030	$ 16,149,104	$ 20,075,186
All other governmental funds										
Reserved										
Special revenue funds	$ 618,249	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Capital Projects – Building Construction Fund	318,188	–	–	–	–	–	–	–	–	–
Unreserved										
Special revenue funds	1,567,777	–	–	–	–	–	–	–	–	–
Capital Projects – Building Construction Fund	(616,143)	–	–	–	–	–	–	–	–	–
Debt Service Fund	2,067,838	–	–	–	–	–	–	–	–	–
Nonspendable										
Special revenue funds	–	87,725	61,896	83,637	81,947	82,038	90,176	94,839	100,667	108,812
Capital Projects – Building Construction Fund	–	361,452	777,347	114,560	195,050	103,151	29,382	3,795	370,688	357,895
Restricted										
Special revenue funds	–	2,378,056	2,590,875	2,589,169	2,963,665	3,157,131	2,763,831	2,777,607	3,131,609	2,824,021
Capital Projects – Building Construction Fund	–	5,756,834	2,540,916	15,319,262	14,174,369	124,613,839	94,734,895	25,480,370	8,669,298	68,914,606
Debt Service Fund	–	1,853,801	2,003,402	2,373,561	1,948,293	4,904,822	2,044,497	2,618,143	2,475,932	2,606,958
Unassigned										
Capital Projects – Building Construction Fund	–	–	(29,889)	–	–	–	–	–	(528,128)	–
Total all other governmental funds	$ 3,955,909	$ 10,437,868	$ 7,944,547	$ 20,480,189	$ 19,363,324	$ 132,860,981	$ 99,662,781	$ 30,974,754	$ 14,220,066	$ 74,812,292
Total all governmental funds	$ 25,252,099	$ 33,208,273	$ 29,685,793	$ 42,840,477	$ 44,823,389	$ 155,057,975	$ 121,087,459	$ 54,729,784	$ 30,369,170	$ 94,887,478

Note: The District implemented GASB Statement No. 54 in fiscal 2011, only 2010 amounts were restated.

INDEPENDENT SCHOOL DISTRICT NO. 284

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

				Fiscal Year						
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Local sources										
Taxes	$ 40,487,682	$ 43,114,189	$ 60,312,279	$ 46,494,356	$ 48,582,021	$ 34,451,771	$ 51,053,987	$ 55,577,523	$ 57,642,494	$ 61,547,600
Investment earnings	798,831	111,659	37,490	18,459	29,798	37,847	144,163	135,329	538,191	838,461
Other	12,327,794	12,394,109	13,008,028	12,893,963	13,621,129	13,441,482	13,280,276	14,480,001	17,174,010	17,856,126
State sources	74,289,718	67,557,932	60,586,004	78,173,924	79,118,659	95,680,683	84,196,712	87,767,205	93,888,892	96,910,458
Federal sources	3,777,782	11,350,924	6,150,431	5,170,995	4,393,844	4,402,856	4,100,243	3,770,162	4,239,619	4,329,494
Total revenues	131,681,807	134,528,813	140,094,232	142,751,697	145,745,451	148,014,639	152,775,381	161,730,220	173,483,206	181,482,139
Expenditures										
Current										
Administration	3,577,748	3,810,046	3,792,268	3,882,175	3,942,490	3,809,563	3,882,636	3,960,854	4,307,817	4,380,862
District support services	4,178,363	3,406,672	3,725,315	3,725,817	3,966,678	3,812,160	3,831,038	4,214,722	4,856,373	4,807,590
Elementary and secondary regular instruction	50,863,997	49,261,911	50,484,858	54,146,054	55,749,366	57,161,164	61,261,179	61,793,156	64,754,485	68,352,055
Vocational education instruction	1,988,651	2,312,353	2,400,776	2,224,383	2,596,694	2,282,764	2,898,253	2,775,891	2,782,707	2,953,500
Special education instruction	13,844,731	14,855,969	15,382,312	15,542,974	15,890,551	16,143,749	16,675,799	17,390,283	17,738,153	18,658,389
Instructional support services	8,048,957	8,170,600	8,953,839	9,253,668	8,432,986	9,359,060	9,518,374	10,107,948	9,841,449	15,992,693
Pupil support services	9,663,416	10,004,783	10,779,639	10,753,896	11,487,282	11,181,875	12,151,446	12,289,246	13,117,743	13,098,157
Sites and buildings	8,719,673	9,179,456	9,050,432	9,023,841	9,429,780	9,618,077	10,212,586	10,577,248	18,089,426	17,692,885
Fiscal and other fixed cost programs	356,785	259,189	313,591	296,088	318,578	355,757	385,547	417,879	566,951	281,446
Food service	4,513,548	4,694,729	4,835,626	5,073,799	5,085,281	5,226,866	5,574,751	5,705,994	6,173,350	6,403,380
Community service	7,559,453	7,700,868	7,865,844	7,863,889	7,841,272	8,491,628	7,537,839	8,008,491	8,912,116	10,298,600
Capital outlay	10,317,570	9,425,093	15,193,084	12,957,206	21,516,463	38,000,191	37,044,922	82,087,300	26,537,306	18,646,356
Debt service										
Principal	6,395,000	6,790,000	8,165,000	8,695,000	9,580,000	10,130,000	11,526,756	11,364,273	11,554,610	5,789,891
Interest and fiscal charges	3,609,618	3,104,257	2,683,970	2,582,338	2,405,085	3,522,846	5,410,994	6,467,926	6,023,460	6,081,787
Total expenditures	133,637,510	132,975,926	143,626,554	146,021,128	158,242,506	179,095,700	187,912,120	237,161,211	195,255,946	193,437,591
Excess of revenues over (under) expenditures	(1,955,703)	1,552,887	(3,532,322)	(3,269,431)	(12,497,055)	(31,081,061)	(35,136,739)	(75,430,991)	(21,772,740)	(11,955,452)
Other financing sources (uses)										
Sale of equipment	-	2,997	9,842	5,370	2,900	-	-	-	21,653	-
Sale of real property	-	-	-	-	2,889,790	-	-	-	-	-
Insurance recovery proceeds	12,979	349	-	105,785	9,861	251,612	-	-	-	-
Bonds issued	37,998,895	5,000,000	-	16,312,660	-	136,805,000	10,255,000	1,820,000	-	66,895,000
Capital leases issued	-	-	-	-	1,383,350	1,235,860	1,099,078	6,750,775	767,400	6,172,455
Bond premium	-	110,123	-	-	214,066	3,023,175	867,145	57,459	-	3,406,305
Certificates of participation issued	-	1,289,818	-	-	9,980,000	-	-	-	-	-
Payment to refunded bond escrow agent	(32,740,000)	-	-	-	-	-	(11,055,000)	(1,835,000)	-	-
Transfers in	7,250,201	7,109,370	9,228,572	7,264,007	7,673,940	7,253,826	6,901,900	9,709,564	13,006,244	6,779,299
Transfers out	(7,250,201)	(7,109,370)	(9,228,572)	(7,264,007)	(7,673,940)	(7,253,826)	(6,901,900)	(7,429,482)	(13,117,868)	(6,779,299)
Total other financing sources (uses)	5,271,874	6,403,287	9,842	16,423,815	14,479,967	141,315,647	1,166,223	9,073,316	677,429	76,473,760
Net change in fund balances	$ 3,316,171	$ 7,956,174	$ (3,522,480)	$ 13,154,384	$ 1,982,912	$ 110,234,586	$ (33,970,516)	$ (66,357,675)	$ (21,095,311)	$ 64,518,308
Debt service as a percentage of noncapital expenditures	8.1%	8.0%	8.4%	8.5%	8.8%	9.7%	11.2%	10.3%	9.7%	6.7%

INDEPENDENT SCHOOL DISTRICT NO. 284

Tax Capacities and Market Values
Last Ten Fiscal Years

Fiscal Year	Net Tax Capacity	Taxable Market Value	Percent Tax Capacity of Estimated Market Value
2009	$ 121,330,023	$ 10,802,607,580	1.1 %
2010	123,328,768	11,023,202,400	1.1
2011	118,450,131	10,679,667,300	1.1
2012	111,127,795	9,963,416,806	1.1
2013	109,891,883	9,821,945,763	1.1
2014	109,307,508	9,628,799,946	1.1
2015	111,197,389	9,846,198,999	1.1
2016	119,387,105	10,688,657,739	1.1
2017	127,889,211	11,410,014,227	1.1
2018	137,065,114	12,249,671,471	1.1

Note: Per discussions with Hennepin County Taxpayer Services Division, reliable information for the breakdown of assessed and actual residential, commercial, and industrial property values is not available.

Source: Hennepin County Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 284

Property Tax Rates – Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	ISD No. 284	Corcoran	Maple Grove	Medicine Lake	Medina
2009	19.668%	30.213%	29.483%	30.580%	15.434%
2010	20.406%	30.677%	31.422%	33.835%	16.363%
2011	23.311%	32.995%	33.845%	34.945%	17.241%
2012	24.034%	37.041%	36.890%	38.677%	18.977%
2013	25.325%	39.617%	39.640%	36.548%	21.342%
2014	25.236%	46.111%	42.342%	40.691%	24.639%
2015	24.571%	49.743%	42.463%	37.508%	25.501%
2016	26.252%	45.311%	39.831%	34.127%	23.577%
2017	26.106%	45.691%	39.196%	40.413%	23.301%
2018	26.290%	45.994%	38.245%	35.525%	22.270%

County Auditor's Gross Spread Levies

2009	$ 40,503,428	$ 121,517	$ 1,620,222	$ 324,044	$ 2,632,860
2010	44,487,353	133,471	1,913,091	355,924	2,936,372
2011	46,026,906	138,081	2,117,238	414,242	3,083,803
2012	45,966,048	138,081	2,255,318	368,215	3,037,776
2013	47,606,841	142,834	2,523,404	380,891	3,047,129
2014	48,622,654	97,245	2,577,001	340,359	2,965,982
2015	49,995,136	100,000	2,699,999	350,000	3,149,999
2016	55,954,344	167,872	3,189,576	391,702	3,749,151
2017	58,429,819	233,740	3,272,362	409,045	4,090,453
2018	68,605,225	304,340	3,226,004	426,076	4,199,892

Note: Above tax rates are used to levy city, county, and school district taxes.

Source: Hennepin County Taxpayer Services Division

Minnetonka	Orono	Plymouth	Wayzata	Hennepin County	Special Districts
27.567%	13.580%	23.344%	20.308%	38.571%	8.801%
29.247%	13.183%	24.854%	19.415%	40.413%	7.154%
30.686%	13.677%	25.495%	20.358%	42.640%	8.138%
33.705%	14.991%	27.490%	23.032%	45.840%	9.172%
35.595%	16.283%	28.716%	24.274%	48.231%	9.523%
37.567%	17.667%	29.309%	26.020%	49.461%	8.400%
38.194%	17.815%	30.114%	26.311%	49.959%	8.858%
37.089%	17.387%	28.374%	25.705%	46.398%	9.785%
35.674%	17.325%	27.330%	24.673%	45.356%	9.530%
36.378%	16.759%	26.482%	23.352%	44.087%	9.319%
$ 6,521,392	$ 526,572	$ 23,493,214	$ 5,265,720	$ 602,274,631	$ 104,571,196
7,207,459	622,867	25,137,125	6,184,178	644,324,515	99,640,161
7,364,305	598,350	25,636,986	6,673,901	676,166,665	112,216,451
7,548,413	598,350	25,544,933	6,535,821	669,404,998	117,993,952
7,951,103	571,337	26,138,655	6,856,041	668,415,787	116,862,928
8,168,606	534,849	26,839,705	7,098,907	670,175,143	132,283,063
8,399,998	550,000	27,499,994	7,249,998	681,253,275	127,112,287
9,177,027	615,532	30,832,572	7,834,047	695,586,226	129,960,888
9,641,782	584,350	32,022,403	8,180,906	726,763,726	135,429,950
9,556,277	608,680	33,903,780	8,643,257	759,408,857	142,541,391

INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2018 Net Tax Capacity	2018 Rank	2018 Percentage of Tax Capacity Value	2009 Net Tax Capacity	2009 Rank	2009 Percentage of Tax Capacity Value
Ridgedale Center, LLC	Commercial	$ 2,119,250	1	1.55 %	$ 2,199,250	2	1.81 %
Medica Health Plans	Commercial	1,388,930	2	1.01	–	–	–
AX 601 Tower, LP	Commercial	1,219,250	3	0.89	–	–	–
TFO REVA Wildamere PPC, LLC	Commercial	1,067,210	4	0.78	–	–	–
WHQ, LLC	Commercial	979,250	5	0.71	–	–	–
IRET Properties	Apartment	975,163	6	0.71	–	–	–
Talcott III Atria LLC	Commercial	917,250	7	0.67	849,250	4	0.70
RREEFAmerica Reit II Corp.	Apartment	900,963	8	0.66	575,000	6	0.47
CVIII Vicksburg Village, LLC	Apartment	640,513	9	0.47	–	–	–
Bobby Wade	Apartment	519,838	10	0.38	–	–	–
Carlson Real Estate Co., Inc.	Commercial	–	–	–	2,591,950	1	2.14
Teachers Insurance & Annuity Assoc.	Commercial	–	–	–	893,550	3	0.74
Invesco Real Estate	Apartment	–	–	–	592,500	5	0.49
Bay Holdings, LLC	Commercial	–	–	–	553,970	7	0.46
Plymouth Corporation Center DE, LLC	Industrial	–	–	–	479,130	8	0.39
Vicksburg Village	Apartment	–	–	–	467,600	9	0.39
US Retail Partners, LLC	Commercial	–	–	–	391,430	10	0.32
Total		$ 10,727,617		7.83 %	$ 9,593,630		7.91 %

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 284

Property Tax Levies, Collections, and Receivables
Last Ten Fiscal Years

	Taxes Levied for the Fiscal Year			Collections: First Year Levy Recognized		Collections: Received in Subsequent Years	Total to Date		Delinquent	
Fiscal Year	Operating Tax Levy	Debt Tax Levy	Total	Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percent
2009	$ 31,062,404	$ 9,441,024	$ 40,503,428	$ 40,000,965	98.8 %	$ 502,463	$ 40,503,428	100.0 %	$ –	– %
2010	34,816,228	9,671,125	44,487,353	43,915,814	98.7	571,539	44,487,353	100.0	–	–
2011	35,773,599	10,253,307	46,026,906	45,566,841	99.0	460,065	46,026,906	100.0	–	–
2012	35,363,239	10,602,809	45,966,048	45,528,016	99.0	438,032	45,966,048	100.0	–	–
2013	36,564,682	11,042,159	47,606,841	47,324,720	99.4	282,121	47,606,841	100.0	–	–
2014	37,383,176	11,239,478	48,622,654	48,401,803	99.5	220,851	48,622,654	100.0	–	–
2015	38,442,757	11,552,379	49,995,136	49,855,092	99.7	111,397	49,966,489	99.9	28,647	0.1
2016	40,225,448	15,728,896	55,954,344	55,775,065	99.7	135,830	55,910,895	99.9	43,449	0.1
2017	43,779,692	14,650,127	58,429,819	58,223,020	99.6	103,945	58,326,965	99.8	102,854	0.2
2018	56,479,703	12,125,522	68,605,225	68,580,763	100.0	–	68,580,763	99.9	24,462	0.1
									$ 199,412	

Source: Minnesota Department of Education School Tax Reports and Hennepin County Tax Settlement Reports

INDEPENDENT SCHOOL DISTRICT NO. 284

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Premium (Discount) on Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2009	$ 67,325,000	$ 2,951,772	$ 2,320,000	$ 1,493,832	$ 74,090,604	2.1 %	$ 1,270
2010	65,535,000	2,704,201	3,215,000	1,358,800	72,813,001	2.0	1,225
2011	57,525,000	2,264,028	2,695,000	38,568	62,522,596	1.8	1,052
2012	65,135,000	2,349,744	2,190,000	9,019	69,683,763	2.0	1,161
2013	56,070,000	2,095,615	11,655,000	918,096	70,738,711	2.0	1,169
2014	184,045,000	4,628,582	10,355,000	1,300,465	200,329,047	5.3	3,246
2015	174,070,000	4,359,617	9,220,000	1,182,787	188,832,404	4.9	2,982
2016	165,110,000	3,625,490	8,495,000	6,239,289	183,469,779	4.5	2,826
2017	156,210,000	3,120,929	7,755,000	5,092,079	172,178,008	N/A	2,588
2018	220,160,000	6,208,464	7,000,000	9,174,643	242,543,107	N/A	3,646

N/A – Not Available

(1) See Demographic and Economic Statistics table for population and personal income.

Source: The District's outstanding debt can be found in the notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 284

Ratio of Net General Obligation Bonded Debt
to Tax Capacity and Net General Obligation Bonded Debt
per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity	Estimated Population (1)	Net Bonded Debt per Capita
2009	$ 65,365,601	$ 2,067,838	$ 63,297,763	$ 121,330,023	52.17 %	58,355	$ 1,085
2010	63,683,257	1,853,801	61,829,456	123,328,768	50.13	59,417	1,041
2011	55,537,890	2,003,402	53,534,488	118,450,131	45.20	59,417	901
2012	62,801,663	2,373,561	60,428,102	111,127,795	54.38	60,017	1,007
2013	54,201,743	1,948,293	52,253,450	109,891,883	47.55	60,517	863
2014	179,273,752	4,904,822	174,368,930	109,307,508	159.52	61,717	2,825
2015	172,218,764	2,044,497	170,174,267	111,197,389	153.04	63,317	2,688
2016	168,735,490	2,618,143	166,117,347	119,387,105	139.14	64,917	2,559
2017	159,330,929	2,475,932	156,854,997	127,889,211	122.65	66,517	2,358
2018	226,368,464	2,606,958	223,761,506	137,065,114	163.25	66,517	3,364

(1) See Demographic and Economic Statistics table for population.

INDEPENDENT SCHOOL DISTRICT NO. 284

Direct and Overlapping Debt
as of June 30, 2018

Governmental Unit	Tax Collection Calendar Year – 2018 Taxable Net Tax Capacity	Bonded Debt (1)	Debt Applicable to Tax Capacity in ISD No. 284 (2) Percent	Amount
Direct debt				
Independent School District No. 284	$ 139,731,174	$ 220,160,000	100.00 %	$ 220,160,000
Overlapping debt				
Hennepin County	1,685,924,784	925,550,000	8.29	76,728,095
Cities				
Corcoran	8,298,646	4,831,000	11.24	543,004
Maple Grove	90,580,831	55,280,000	7.95	4,394,760
Medicine Lake	979,611	–	100.00	–
Medina	17,824,467	5,925,000	54.82	3,248,085
Minnetonka	95,091,802	6,220,000	23.09	1,436,198
Orono	32,584,716	7,660,000	4.17	319,422
Plymouth	118,988,204	10,320,000	64.94	6,701,808
Wayzata	20,381,425	9,015,000	99.45	8,965,418
Other				
Metropolitan Council	3,295,889,335	188,620,614	4.24	7,997,514
Three Rivers Park District	1,207,240,792	60,560,000	11.57	7,006,792
Total overlapping debt				117,341,096
Total direct and overlapping debt				$ 337,501,096

(1) Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does not include nongeneral obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness. Does not include the Hennepin County Regional Railroad Authority's $42,595,000 Limited Tax Refunding Bonds, Series 2010A, dated March 17, 2010, currently outstanding in the principal amount of $31,535,000.

(2) The percent overlap is based on the percentage of tax capacity of the individual entities in the District.

Source: Hennepin County Department of General Services – Taxpayer Services Division

INDEPENDENT SCHOOL DISTRICT NO. 284

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year 2009	2010	2011	2012
Debt limit	$ 1,765,131,957	$ 1,718,794,553	$ 1,668,698,016	$ 1,523,458,227
Total net debt applicable to the limit	63,297,763	61,829,456	53,534,488	60,428,102
Legal debt margin	$ 1,701,834,194	$ 1,656,965,097	$ 1,615,163,528	$ 1,463,030,125
Total net debt applicable to the limit as a percentage of debt limit	3.59%	3.60%	3.21%	3.97%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 15 percent of total property market value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: State of Minnesota School Tax Report

2013	2014	2015	2016	2017	2018
$ 1,468,885,209	$ 1,470,794,289	$ 1,504,001,884	$ 1,603,298,661	$ 1,711,502,134	$ 1,837,450,721
52,253,450	174,368,930	170,174,267	166,117,347	156,854,997	223,761,506
$ 1,416,631,759	$ 1,296,425,359	$ 1,333,827,617	$ 1,437,181,314	$ 1,554,647,137	$ 1,613,689,215
3.56%	11.86%	11.31%	10.36%	9.16%	12.18%

Legal Debt Margin Calculation for Fiscal Year 2018

Market value	$ 12,249,671,471
Debt limit (15% of market value)	1,837,450,721
Debt applicable to the limit	
General obligation bonds	226,368,464
Less amount set aside for repayment of general obligation debt	(2,606,958)
Total net debt applicable to the limit	223,761,506
Legal debt margin	$ 1,613,689,215

INDEPENDENT SCHOOL DISTRICT NO. 284

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2009	58,355	$3,597,644,105	$ 61,651	10,196	8.3 %
2010	59,417	3,643,925,776	61,328	10,377	6.7
2011	59,417	3,474,468,492	58,476	10,511	7.0
2012	60,017	3,548,565,142	59,126	10,544	5.7
2013	60,517	3,621,095,212	59,836	10,657	5.1
2014	61,717	3,754,121,676	60,828	10,708	4.5
2015	63,317	3,893,488,964	61,492	10,747	3.7
2016	64,917	4,103,857,989	63,217	10,858	3.7
2017	66,517	N/A	N/A	11,330	3.5
2018	66,517	N/A	N/A	11,640	2.8

N/A – Not Available

Sources: Population data based on information from property developers and cities; methodology approved by the State Demographer's Office

Per capita personal income data is for the state of Minnesota and is obtained from the United States Census Bureau

Enrollment information from district records

Unemployment rate is for Hennepin County as of June and is obtained from the Minnesota Department of Employment and Economic Development

INDEPENDENT SCHOOL DISTRICT NO. 284

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2018 Employees	2018 Rank	Fiscal Year 2009 Employees	2009 Rank
Carlson Companies (1)	4,500	1	2,700	2
Independent School District No. 284	1,660	2	1,270	4
Medica Health	1,300	3	980	9
Aimia	1,000	4	–	–
TCF National Bank	1,000	4	–	–
Abbott Laboratories	800	6	–	–
US Foods	500	7	–	–
Nilfisk-Advance, Inc.	450	8	–	–
Wagner Spray Tech Corp.	400	9	–	–
Deltak, LLC	300	10	–	–
Cargill, Inc.	–	–	3,000	1
DataCard Corporation	–	–	1,400	3
Metris	–	–	1,215	5
Advance Circuits, Inc.	–	–	1,200	6
United Health Group	–	–	1,200	6
Independent School District No. 276	–	–	1,050	8
Opportunity Partners	–	–	600	10
Total	11,910		14,615	
Total ISD No. 284 population (see the Schedule of Demographic and Economic Statistics)	66,517		58,355	
Percent of principal employers to total ISD No. 284 population	17.9%		25.0%	

(1) Includes entire metropolitan area. Carlson Marketing Travel Group is included in Carlson Companies.

Source: Fiscal 2018 information: obtained from the Official Statement associated with the District's 2018A General Obligation School Building Bonds (prepared by Ehlers)

Fiscal 2009 information: Hennepin County and Northland Securities Official Statement for ISD 284 Series 2009 OPEB Bonds

INDEPENDENT SCHOOL DISTRICT NO. 284

Employees by Classification
Last Ten Fiscal Years

Employees	2009	2010	2011	2012
Administration				
Principals	11.0	11.0	11.0	11.0
Associate principals	8.0	8.0	8.0	8.0
Unaffiliated	37.0	37.0	38.8	36.1
Total administration	56.0	56.0	57.8	55.1
Instructional administrators				
High school classroom teachers	155.1	155.4	153.5	158.8
Middle school classroom teachers	124.9	124.9	131.2	126.3
Elementary classroom teachers	176.5	178.0	185.0	189.7
High school – area learning center	8.2	8.0	9.0	8.0
Middle school – area learning center	2.5	2.0	2.0	2.0
Community education – extended day kindergarten	6.5	8.0	5.5	6.0
Community education – early childhood family education	4.0	3.8	4.4	3.1
Special services	79.3	77.1	77.6	79.4
Elementary specialists and intervention	53.2	53.6	57.3	65.2
Total instructional administrators	610.2	610.8	625.5	638.5
Student services				
Curriculum and instruction – resource, peer, alt comp	19.0	19.0	19.8	19.5
Media centers – elementary	7.0	7.0	7.0	7.0
High school – professional development	0.3	0.3	0.3	0.3
High school – counselors, media, Vision 21, intervention	11.0	10.5	11.7	13.0
Middle schools – counselors, media, Vision 21, intervention	9.2	9.3	9.8	10.5
Technology	2.5	2.5	3.0	3.0
Special services – social workers, psychologists, nurses, etc.	41.7	45.5	45.3	43.6
Total student services	90.7	94.1	96.9	96.9
Support services				
Clerical/secretarial	46.7	44.9	45.9	46.0
Custodial	75.9	75.9	74.4	74.4
Food service	42.9	42.9	42.4	42.4
Paraprofessionals	241.5	257.1	260.5	256.8
Unaffiliated specialists	18.0	17.0	20.2	19.5
Unaffiliated support staff	10.0	10.0	7.0	6.0
Total support services	435.0	447.8	450.4	445.1
District-wide totals	1,191.9	1,208.7	1,230.6	1,235.6

N/A – Not Available

Note: All full-time equivalents are based on an 8-hour day.

Source: The District's Human Resources Department

2013	2014	2015	2016	2017	2018
11.0	11.0	12.0	12.0	12.0	12.0
8.0	8.0	8.0	6.0	6.0	6.0
37.2	35.4	37.2	36.1	38.2	39.1
56.2	54.4	57.2	54.1	56.2	57.1
153.4	154.3	157.5	153.0	155.7	155.4
132.5	132.3	134.6	131.7	133.4	137.2
191.0	183.0	213.0	203.0	219.0	230.0
8.7	8.0	8.0	6.3	7.7	6.7
2.0	2.0	2.0	1.5	1.5	1.0
8.0	16.0	N/A	N/A	N/A	N/A
3.7	4.2	3.8	5.5	3.5	3.5
80.6	77.1	77.0	66.0	68.6	96.6
63.3	66.4	65.6	64.7	72.2	82.7
643.2	643.3	661.5	631.7	661.5	713.1
20.5	20.0	20.0	21.0	15.5	16.5
7.1	7.0	7.0	7.0	8.0	7.9
0.3	0.3	0.3	0.3	0.3	0.3
13.0	13.0	13.0	17.0	18.7	18.5
15.5	15.0	14.0	15.5	18.2	19.3
3.0	3.0	3.0	3.0	3.0	3.0
44.9	45.4	46.2	59.2	54.9	38.3
104.3	103.7	103.5	123.0	118.6	103.8
48.0	48.0	49.9	50.9	50.9	49.9
73.0	73.0	73.0	75.0	83.5	85.5
43.8	43.8	44.9	46.2	48.8	49.4
254.2	254.2	244.6	246.9	238.6	239.7
20.8	22.5	22.8	22.8	20.9	21.9
5.0	5.0	4.0	4.0	4.8	5.7
444.8	446.5	439.2	445.8	447.5	452.1
1,248.5	1,247.9	1,261.4	1,254.6	1,283.8	1,326.1

INDEPENDENT SCHOOL DISTRICT NO. 284

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced-Priced Meals
2009	10,196	$ 113,315,322	$ 11,114	4.0 %	457	22.3	13.0 %
2010	10,377	113,656,576	10,953	(1.4)	458	22.7	12.5
2011	10,511	117,584,500	11,187	2.1	469	22.4	13.2
2012	10,544	121,786,584	11,550	3.2	475	22.2	14.4
2013	10,657	124,740,958	11,705	1.3	477	22.3	14.6
2014	10,708	132,892,192	12,411	6.0	470	22.8	12.9
2015	10,747	133,929,448	12,462	0.4	505	21.3	13.0
2016	10,858	136,420,224	12,564	0.8	488	22.3	13.9
2017	11,330	143,803,361	12,692	1.0	508	22.3	14.0
2018	11,640	154,352,148	13,260	4.5	523	22.3	12.0

Note: Operating expenditures are total expenditures less debt service and capital outlays.

Source: Nonfinancial information from district records

INDEPENDENT SCHOOL DISTRICT NO. 284

Building Information
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary schools										
Birchview (1969)										
Square feet	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720	59,720
Capacity	530	530	592	592	592	592	592	592	550	550
Enrollment	621	646	671	651	653	647	622	586	481	499
Gleason Lake (1988)										
Square feet	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710	80,710
Capacity	630	630	690	690	690	690	690	690	690	690
Enrollment	666	652	692	663	655	663	636	622	571	568
Greenwood (1964)										
Square feet	72,007	72,007	72,007	72,007	72,007	88,016	88,016	88,016	88,016	88,016
Capacity	680	680	690	690	690	820	820	820	780	780
Enrollment	632	647	608	685	726	821	863	856	747	794
Kimberly Lane (1991)										
Square feet	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000
Capacity	680	680	690	690	690	690	690	690	710	710
Enrollment	697	768	806	757	717	744	764	718	649	760
Meadow Ridge (2016)										
Square feet	–	–	–	–	–	–	–	–	85,208	102,508
Capacity	–	–	–	–	–	–	–	–	710	828
Enrollment	–	–	–	–	–	–	–	–	758	853
Oakwood (1957)										
Square feet	85,490	85,490	85,490	85,490	85,490	95,476	95,476	95,476	95,476	95,476
Capacity	475	475	475	475	475	690	690	690	640	640
Enrollment	480	498	511	538	504	527	576	675	475	515
Plymouth Creek (1988)										
Square feet	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Capacity	680	680	690	690	690	690	690	690	710	710
Enrollment	719	738	765	772	866	746	747	762	669	690
Sunset Hill (1963)										
Square feet	64,983	64,983	64,983	64,983	64,983	73,598	73,598	73,598	73,598	73,598
Capacity	575	575	592	592	592	690	690	690	660	660
Enrollment	571	586	579	577	563	560	581	596	664	681
Middle schools										
East (1967)										
Square feet	145,711	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111	146,111
Capacity	800	800	800	800	800	800	800	800	850	850
Enrollment	747	777	763	777	821	772	771	743	780	733
West (1949)										
Square feet	167,000	167,000	167,000	167,000	167,000	167,000	167,000	167,525	167,525	167,525
Capacity	900	900	900	900	900	900	900	900	850	850
Enrollment	737	729	719	736	744	736	745	772	791	771
Central (1961)										
Square feet	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568	308,568
Capacity (1)	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,600	1,600
Enrollment	903	887	942	987	1,034	1,066	1,036	1,118	1,209	1,268
High school										
Peony (1997)										
Square feet	487,000	487,432	487,432	487,432	487,432	487,432	487,432	487,432	656,432	656,432
Capacity	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,900	3,900
Enrollment	3,237	3,281	3,235	3,266	3,265	3,257	3,305	3,334	3,410	3,453

(1) Through fiscal 2016, Central Middle School capacity includes space for 1,400 middle school students and 300 birth-to-kindergarten students.

Source: Information was obtained from district records. Enrollment data is as of October 1 of fiscal year.

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

KNUTSON, FLYNN & DEANS, P.A.
1155 Centre Pointe Drive, Suite 10
Mendota Heights, MN 55120
651.222.2811 fax 651.225.0600
www.kfdmn.com

Independent School District No. 284
210 County Road 101 N
P.O. Bix 660
Wayzata, MN 55391

U.S. Bank National Association
Global Corporate Trust Services
Mailstation: EP-MN-WS3C
60 Livingston Avenue
St. Paul, MN 55107

Re: $17,000,000* Certificates of Participation, Series 2019B [Evidencing the Proportionate Interest of the Registered Owners Thereof in Certain Lease Payments to be Made by the School District Pursuant to a Lease-Purchase Agreement dated as of November 14, 2019, by and between U.S. Bank National Association, as trustee (the "Trustee"), and Independent School District No. 284 (Wayzata Public Schools), Wayzata, Minnesota (the "School District")].

Ladies and Gentlemen:

We have acted as Bond Counsel with respect to the issuance and delivery of the Certificates described above (the "Certificates"). In that capacity we have reviewed copies of the Lease-Purchase Agreement described above (the "Lease") and the Exhibits attached thereto; the Ground Lease Agreement dated as of November 14, 2019 (the "Ground Lease") by and between the Trustee and the School District and the Exhibits attached thereto; the Trust Agreement dated as of November 14, 2019 (the "Trust Agreement"), by and between the School District and the Trustee, including the form of Certificate of Participation attached thereto; the Continuing Disclosure Certificate dated November 14, 2019 executed by the School District, and certain proceedings taken and certain affidavits and certificates furnished by the School District, the Trustee and others in connection with the authorization, execution and delivery of the Lease, the Ground Lease, the Trust Agreement, the Continuing Disclosure Certificate and the Certificates.

The Lease provides that it will be in effect for a term commencing as provided therein and ending on February 1, 2040. Under the Lease, the Trustee is providing financing for the acquisition, construction and installation of improvements to the school facilities on the Site leased to the Trustee under the Ground Lease (the "Improvements" or the "Project") and is leasing and selling its interest in the Site and the Improvements (collectively, the "Premises") to the School District, and the School District has undertaken to pay to the Trustee Lease Payments with respect thereto. Under the Trust Agreement, the Trustee has executed and delivered the Certificates evidencing the right of the registered owners thereof to the portion of the Lease Payments as described therein.

As to questions of fact material to our opinion, we have relied upon the representations of the School District and the Trustee contained in the Trust Agreement and the Lease and the certified proceedings and other certifications of public officials and other parties involved in the issuance of the Certificates furnished to us, without undertaking to verify the same by independent investigation.

From our examination of such documents and other instruments, assuming the genuineness of the signatures thereon and the accuracy of the facts and conclusions stated therein, without undertaking to verify the same by independent investigation, it is our opinion that:

1. The School District is an independent school district and political subdivision of the State of Minnesota (the “State”), duly organized, existing and operating under the Constitution and laws of the State.

2. The Lease, the Ground Lease, the Trust Agreement, the Continuing Disclosure Certificate and the Certificates have been duly authorized, approved, executed and delivered by and on behalf of the School District, and are valid and binding contracts of the School District, enforceable against the School District in accordance with their terms, except to the extent limited by state and federal law affecting remedies and by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditor's rights.

3. The authorization, approval and execution of the Lease, the Ground Lease, the Trust Agreement, the Continuing Disclosure Certificate, the Certificates and all other proceedings of the School District relating to the transactions contemplated thereby have been performed in accordance with all open meeting and other laws, rules and regulations of the State of Minnesota.

4. There is no litigation, action, suit or proceeding pending or before any court, administrative agency, arbitrator or governmental body, that challenges the organization or existence of the School District; the authority of the School District or its officers or its employees to enter into the Lease, the Ground Lease, the Trust Agreement, the Certificates or the Continuing Disclosure Certificate; the proper authorization, approval and/or execution of the Lease, the Ground Lease, the Trust Agreement, the Continuing Disclosure Certificate, the Certificates and the other documents contemplated thereby; or the ability of the School District otherwise to perform its obligations under the Lease, the Ground Lease, the Trust Agreement, the Certificates, the Continuing Disclosure Certificate and the documents contemplated thereby; or that would have a material adverse impact on the financial condition of the School District, the security for the Certificates, the operation of the Premises or the transactions contemplated by the Official Statement.

5. The amount of each Lease Payment designated as and comprising interest as set forth on Lease EXHIBIT B and received by the registered owners of the Certificates (a) is not includable in gross income for federal income tax purposes or in taxable net income of individuals, estates and trusts for Minnesota income tax purposes; (b) is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax; (c) is not an item of tax preference includable in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to individuals and other taxpayers or the Minnesota alternative minimum tax applicable to individuals, estates and trusts; and (d) interest on the Certificates is not taken into account in determining adjusted current earnings for purposes of calculating federal alternative minimum taxes applicable to corporations. We express no opinion as to other federal or state tax consequences arising with respect to the Certificates and the Lease Payments.

6. The Lease and the Certificates have not been designated as "qualified tax-exempt obligations" for the purposes of Section 265 of the Code relating to the deduction of interest expenses allocable to the Certificates by financial institutions.

7. The Lease is a "triple net" agreement requiring the School District to pay all expenses, taxes, fees, insurance premiums, rebate payments, and costs associated with the Premises and the Lease without right of offset.

8. The opinions set forth above are subject to the following qualifications and exceptions:

(a) Our opinions are limited to and assume the application of the existing laws of the State of Minnesota and the federal laws of the United States of America.

(b) Our opinions are subject to the condition of School District's compliance with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Lease and the Certificates in order that the interest portion of each Lease Payment received by the registered owners of the Certificates be, or continue to be, excluded from gross income for federal income tax purposes. Noncompliance by School District with such requirements could result in the inclusion of such interest portion in federal gross income and Minnesota taxable net income retroactive to the date of the Lease and the Certificates.

(c) We express no opinion as to the treatment for federal and State of Minnesota income tax purposes of any moneys received by an Owner of the Certificates subsequent to a termination of the Lease by the Trustee or Owners of the Certificates by reason of an Event of Default.

(d) We have not been asked, and have not undertaken, to review the accuracy, completeness or sufficiency of the Official Statement or any offering materials relating to the School District, the Lease and the Certificates, and, accordingly, we express no opinion with respect thereto.

DATED at Mendota Heights, Minnesota, this 14th day of November, 2019.

KNUTSON, FLYNN & DEANS
Professional Association

By:
Thomas S. Deans

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

CONTINUING DISCLOSURE CERTIFICATE
(Full Disclosure)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 284 (Wayzata Public Schools), State of Minnesota (the "District"), in connection with the issuance of its Certificates of Participation, Series 2019B (the "Certificates"). The Certificates are being issued pursuant to a Resolution adopted by the School Board on October 14, 2019 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Certificateholders or beneficial owners, if different, and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5). This Disclosure Certificate constitutes the written Undertaking required by the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" shall mean the financial statements of the District audited annually by an independent certified public accounting firm and prepared in accordance with generally accepted accounting principles or as otherwise required by Minnesota law for the preceding Fiscal Year, including a balance sheet and statement of revenues, expenditures and changes in fund balances.

"Dissemination Agent" shall mean the District, or any successor Dissemination Agent which has been designated in writing by the District and which has filed with the District a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system: www.emma.msrb.org, established by the MSRB and which contains a component that includes a continuing disclosure service for the receipt and public availability of continuing disclosure documents and related information to be submitted by issuers, obligated persons, and their agents pursuant to continuing disclosure undertakings entered into consistent with the Rule.

“Financial Obligation” shall mean a: (i) debt obligation; (ii) derivative entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this Rule.

"Fiscal Year" shall mean the fiscal year of the District.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean any of the original underwriters of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) The District shall provide, or shall cause the Dissemination Agent to provide not later than June 30, 2020, and twelve (12) months after the end of each Fiscal Year during which the Certificates are outstanding, to the MSRB, in an electronic format through the use of EMMA, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. If Audited Financial Statements are not available by the date specified above, the District shall submit unaudited financial statements by that date to the MSRB and will submit the Audited Financial Statements as soon as they are available.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a) above, the District shall send a timely notice to the MSRB.

(c) The Dissemination Agent shall, if the Dissemination Agent has been designated:

(i) determine each year prior to the date for providing the Annual Report the required method of submission to the MSRB and (if the Dissemination Agent is other than the District)

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

1. An annual Audited Financial Statement.

2. Updates of the operating and financial data included in the Official Statement

under headings substantially similar to the following or containing financial information directly relating to the following: "Current Property Valuations", "Tax Levies & Collections", "Student Body", "Direct Debt", and "Employment/Unemployment".

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must also be available from the Municipal Securities Rulemaking Board (MSRB). The District shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events, with respect to the Certificates:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever a Listed Event occurs, the District shall in a timely manner not in excess of ten business days after the occurrence of the Listed Event file a notice of such occurrence with the MSRB.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Certificates.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, including but not limited to its duties under Sections 3 and 5 hereof, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

If this Disclosure Certificate is amended, the District will disclose such amendment, together with a narrative explanation of that amendment, to the MSRB with its annual financial information disclosure.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Certificateholder or beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or with respect to the Certificates, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders from time to time of the Certificates or the beneficial owners, if different, and shall create no rights in any other person or entity.

SECTION 13. Reserved Rights. The District reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or to modify the Undertaking under this Disclosure Certificate if the District determines that such modification is required by the Rule, or by a court of competent jurisdiction.

SECTION 14. District Contact Information.

Title:	Superintendent
Name of District:	Independent School District No. 284
Address:	210 County Road 101 North P.O. Box 660 Wayzata, MN 55391
Telephone No.	(763) 745-5000

Dated as of this 14th day of November, 2019.

INDEPENDENT SCHOOL DISTRICT NO. 284
(WAYZATA PUBLIC SCHOOLS)
WAYZATA, MINNESOTA

By: ___________________________________
Chair

And: ___________________________________
Clerk

[Signature Page for Continuing Disclosure Certificate]

APPENDIX E

TERMS OF PROPOSAL

$17,000,000* CERTIFICATES OF PARTICIPATION, SERIES 2019A
INDEPENDENT SCHOOL DISTRICT NO. 284 (WAYZATA PUBLIC SCHOOLS), MINNESOTA

Proposals for the purchase of $17,000,000* Certificates of Participation, Series 2019A (the "Certificates") of Independent School District No. 284 (Wayzata Public Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on September 9, 2019, at which time they will be opened, read and tabulated. On September 9, 2019, the School Board adopted a resolution which authorizes designated officials of the District to accept proposals on the Certificates on October 10, 2019. The Board will meet on October 14, 2019 at 7:00 P.M. to ratify and approve the sale of the Certificates. The proposal offering to purchase the Certificates upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

PURPOSE

The Certificates are being issued pursuant to Minnesota Statutes, Section 465.71, by the District for the purpose of financing an addition to Oakwood Elementary School. The Certificates will be special obligations of the District payable from and secured by a pledge of lease payments required to be made by the District to (the “Trustee”) pursuant to a Lease-Purchase Agreement (the “Lease”) to be entered into between the District and Trustee. **THE CERTIFICATES DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE DISTRICT AND ARE NOT A CHARGE AGAINST THE GENERAL CREDIT OF THE DISTRICT**.

DATES AND MATURITIES

The Certificates will be dated November 14, 2019, will be issued as fully registered Certificates in the denomination of $5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2021	$425,000	2028	$780,000	2035	$995,000
2022	580,000	2029	820,000	2036	1,025,000
2023	610,000	2030	860,000	2037	1,055,000
2024	640,000	2031	885,000	2038	1,090,000
2025	675,000	2032	910,000	2039	1,125,000
2026	705,000	2033	940,000	2040	1,165,000
2027	745,000	2034	970,000		

ADJUSTMENT OPTION

* The District reserves the right to increase or decrease the principal amount of the Certificates on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

TERM BOND OPTION

Proposals for the Certificates may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1and August 1 of each year, commencing February 1, 2021, to the registered owners of the Certificates appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Certificates of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Certificates will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Certificates, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Certificates. So long as Cede & Co. is the registered owner of the Certificates, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Certificates.

PAYING AGENT AND TRUSTEE

The District has selected U.S. Bank National Association, St. Paul, Minnesota, to act as paying agent (the "Paying Agent") and Trustee (the "Trustee"). The District will pay the charges for Paying Agent and Trustee services. The District reserves the right to remove the Paying Agent and/or Trustee and to appoint a successor.

OPTIONAL REDEMPTION AND EXTRAORDINARY REDEMPTION

At the option of the District, the Certificates maturing on or after February 1, 2029 shall be subject to optional redemption prior to maturity on February 1, 2028 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Certificates subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Certificates to be redeemed shall be at the discretion of the District. If only part of the Certificates having a common maturity date are called for redemption, then the District or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

The Certificates shall be subject to extraordinary redemption and prepayment, in whole or in part, at the option of the District on any date, in certain cases of damage, destruction or condemnation as described in Article VI of the Lease Purchase Agreement, and subject to a determination by the District that rebuilding, restoration and replacement of the Project would not be economically feasible.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Certificate to be redeemed at the address shown on the registration books.

DELIVERY

On or about November 14, 2019, the Certificates will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Certificates is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Certificates must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Certificates and the exemption from taxation of the interest thereon will be furnished by Knutson, Flynn & Deans, P.A., Mendota Heights, Minnesota, Bond Counsel to the District, and will be available at the time of delivery of the Certificates. The legal opinion will state that the Certificates are valid and binding special obligations of the District; provided that the rights of the owners of the Certificates and the enforceability of the Certificates may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF PROPOSALS

Proposals must not be for less than $16,830,000 plus accrued interest on the principal sum of $17,000,000 from date of original issue of the Certificates to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

1) Electronically to bondsale@ehlers-inc.com; or

2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the District nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of $340,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Certificates to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Certificates to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The District and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to $250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the District scheduled for award of the Certificates is adjourned, recessed, or continued to another date without award of the Certificates having been made.

AWARD

The Certificates will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The District's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Certificates will be awarded by lot. The District reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Certificates are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the District requested and received a rating on the Certificates from a rating agency, the District will pay that rating fee. Any rating agency fees not requested by the District are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Certificates are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Certificates.

CUSIP NUMBERS

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Certificates or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will NOT designate the Certificates as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Certificates to the extent permitted under prior law.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the District will enter into an undertaking for the benefit of the holders of the Certificates. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Certificates pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Certificates, together with the supporting pricing wires or equivalent communications. All actions to be taken by the District under this Terms of Proposal to establish the issue price of the Certificates may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the "competitive sale requirements") because:

(1) The District shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;

(2) all bidders shall have an equal opportunity to bid;

(3) the District may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the District anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Certificates, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the District shall advise the winning bidder of such fact prior to the time of award of the sale of the Certificates to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the District agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Certificates. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Certificates: (1) the first price at which 10% of a maturity of the Certificates (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Certificates (the "hold-the-offering-price rule").

(d) <u>If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule</u>, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Certificates to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Certificates, that the underwriters will neither offer nor sell unsold Certificates of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the District promptly after the close of the fifth (5^{th}) business day after the sale whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The District acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Certificates, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Certificates.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the District, Bond Counsel and Ehlers the prices at which the Certificates have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Certificates of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Certificates, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public),

(iii) a purchaser of any of the Certificates is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Certificates are awarded by the District to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Certificates prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of $10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Board of Education

Independent School District No. 284
(Wayzata Public Schools), Minnesota

PROPOSAL FORM

The Board of Education **October 10, 2019**
Independent School District No. 284 (Wayzata Public Schools), Minnesota

RE: $17,000,000* Certificates of Participation, Series 2019A (the "Certificates")
DATED: November 14, 2019

For all or none of the above Certificates, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you $__________________ (not less than $16,830,000) plus accrued interest to date of delivery for fully registered Certificates bearing interest rates and maturing in the stated years as follows:

________	% due	2021	________	% due	2028	________	% due	2035
________	% due	2022	________	% due	2029	________	% due	2036
________	% due	2023	________	% due	2030	________	% due	2037
________	% due	2024	________	% due	2031	________	% due	2038
________	% due	2025	________	% due	2032	________	% due	2039
________	% due	2026	________	% due	2033	________	% due	2040
________	% due	2027	________	% due	2034			

* The District reserves the right to increase or decrease the principal amount of the Certificates on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2021 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Certificates of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of $340,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Certificates to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Certificates to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Certificates to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about November 14, 2019.

This proposal is subject to the District's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Certificates.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the District with the reoffering price of the Certificates within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Certificates identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Certificates.

Account Manager: ______________________ By: ______________________
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from November 14, 2019 of the above proposal is $_______________and the true interest cost (TIC) is __________%.

The foregoing offer is hereby accepted by and on behalf of the Board of Education of Independent School District No. 284 (Wayzata Public Schools), Minnesota, on October 10, 2019.

By: ______________________ By: ______________________

Title: ______________________ Title: ______________________