PRELIMINARY OFFICIAL STATEMENT DATED MARCH 5, 2020

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

In the opinion of Bond Counsel, under present federal and State of Minnesota laws, regulations and rulings, the interest to be paid on the Bonds 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 Bonds 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 designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue **Rating Application Made: S&P Global Ratings**

INDEPENDENT SCHOOL DISTRICT NO. 100 (WRENSHALL PUBLIC SCHOOLS), MINNESOTA

(Carlton County)

(Minnesota School District Credit Enhancement Program)

$8,995,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2020A

PROPOSAL OPENING: March 16, 2020, 11:00 A.M., C.T. **CONSIDERATION**: March 16, 2020, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $8,995,000* General Obligation Facilities Maintenance Bonds, Series 2020A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 123B.595 (long-term facilities maintenance revenue) by Independent School District No. 100 (Wrenshall Public Schools), Minnesota (the "District") to provide funds for facility maintenance projects included in the ten-year facility plan of the District and approved by the Commissioner of Education. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Knutson, Flynn & Deans, P.A., Mendota Heights, Minnesota.

DATE OF BONDS: April 9, 2020

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2021	$150,000	2028	$440,000	2035	$540,000
2022	20,000	2029	460,000	2036	555,000
2023	340,000	2030	475,000	2037	570,000
2024	375,000	2031	495,000	2038	585,000
2025	390,000	2032	505,000	2039	595,000
2026	410,000	2033	520,000	2040	615,000
2027	425,000	2034	530,000		

MATURITY ADJUSTMENTS: * The District reserves the right to increase or decrease the principal amount of the Bonds 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: Bonds 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: $8,905,050.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $179,900 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

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 Bonds 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 Bonds.

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 Bonds 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 Bonds, 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 Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, 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 Bonds; (3) a certificate evidencing the due execution of the Bonds, 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 Bonds, (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 Bonds 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 Bonds 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.

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WRENSHALL PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
Michelle Blanchard	Chairperson	January 2023
Jack Eudy	Vice Chairperson	January 2023
Debra Washenesky	Clerk	January 2023
Janaki Fisher-Merritt	Treasurer	January 2021
Matthew Laveau	Member	January 2021
Warren Weiderman	Member	January 2021

ADMINISTRATION

Kim Belcastro, Superintendent

Angela Anderson, Business Manager

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. 100 (Wrenshall Public Schools), Minnesota (the "District") and the issuance of its $8,995,000* General Obligation Facilities Maintenance Bonds, Series 2020A (the "Bonds"). Any descriptions or summaries of the Bonds, 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 Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the Board of Education on March 16, 2020.

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 BONDS

GENERAL

The Bonds 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 April 9, 2020. The Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds 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 Bonds shall be payable as provided in the Award Resolution.

The District has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the District, the Bonds 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 Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the District. If only part of the Bonds 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.

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 Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 123B.595 (long-term facilities maintenance revenue) by the District, to provide funds for facility maintenance projects included in the ten-year facility plan of the District and approved by the Commissioner of Education.

ESTIMATED SOURCES AND USES*

Sources			
	Par Amount of Bonds	$8,995,000	
	Reoffering Premium	409,710	
	Total Sources		**$9,404,710**
Uses			
	Total Underwriter's Discount (1.000%)	$89,950	
	Costs of Issuance	60,262	
	Deposit to Capitalized Interest (CIF) Fund	4,760	
	Deposit to Project Construction Fund	9,249,738	
	Total Uses		**$9,404,710**

*Preliminary, subject to change.

SECURITY

The Bonds are general obligations of the District to which its full faith, credit and taxing powers are pledged. In accordance with Minnesota Statutes, the District will levy each year an amount not less than 105% of the debt service requirements on the Bonds, less estimated collections of other revenues pledged for payments on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the District is required to levy additional taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a rating from S&P Global Ratings ("S&P"). S&P has a policy which assigns a minimum rating of "AAA" to issuers participating in the MNCEP. The "AAA" rating is based on the State of Minnesota's current "AAA" rating from S&P. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS" for further details.

The District does not currently have an underlying rating, however, has requested an underlying rating on this issue from S&P. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. 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 judgement 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 Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, 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 Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on September 16, 2019 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

Under the State Payment Law, if the District believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Commissioner of Education as soon as possible, but not less than 15 working days prior to the due date (which notice is to specify certain information) that it intends to exercise the provisions of the Law to guarantee payment of the principal and interest when due. The District also covenants in the Resolution to deposit with the Paying Agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of the payment.

The Law also requires the Paying Agent for this issue to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal and interest on these obligations, or if, on the day two business days prior to the payment date, there are insufficient funds to make the payment or deposit with the Paying Agent.

The Law also requires, after receipt of a notice which requests a payment pursuant to the Law, after consultation with the Paying Agent and District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. The State Payment Law provides that "upon receipt of this notice . . . the Commissioner of Management and Budget shall issue a warrant and authorize the Commissioner of Education to pay to the Paying Agent for the debt obligation the specified amount on or before the date due. The amounts needed for purposes of subdivision are annually appropriated to the Department of Education from the state general fund."

The Law requires that all amounts paid by the State on behalf of any School District are required to be repaid by the District to the State with interest, either via a reduction in State aid payable to the District, or through the levy of an ad valorem tax which may be made with the approval of the Commissioner of Education.

In its Official Statement dated August 6, 2019, for General Obligation State Bonds, Series 2019A, 2019B, 2019C and 2019D, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts.

> "As the date of this Official Statement, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2046, is approximately $15.1 billion. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of the date of this Official Statement is $2.3 billion, with the maximum amount of principal and interest payable in any one month being $889.3 million. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.
>
> The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, 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 Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the District believes it has not failed to comply 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 Bonds 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 Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds 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 Bonds, interest on the Bonds 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 Bonds 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 Bonds 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 Bonds to be includible in federal gross income and in Minnesota taxable net income, retroactive to the date of issuance of the Bonds, 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 Bonds in the event that interest on the Bonds becomes includible in federal gross income or Minnesota taxable net income.

Interest on the Bonds 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 Bonds 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 Bonds 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 Bonds in determining the taxability of such benefits. Passive investment income, including interest on the Bonds, 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 Bonds.

The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from receipt of interest on the Bonds. 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 Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. 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. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

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, 2019, have been audited by Wipfli, LLP, Duluth, 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 Bonds 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.

Taxes: The Bonds are general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service should other revenue (state aids) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the District or the taxing authority of the District.

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 Bonds 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 Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds 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 Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds 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 Bonds. 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 Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds 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 Bonds to the accounts of the Beneficial Owners of the Bonds 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 Bonds.

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 Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds 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 Bonds. 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 Bonds 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.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

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	2017/18	2018/19	2019/20
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 $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]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,880,000 - 0.50% [2] Over $1,880,000 - 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 $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%	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 $150,000 - .75% Over $150,000 - .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%

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 $299,317,364[1]

	2018/19 Assessor's Estimated Market Value	2018/19 Net Tax Capacity
Real Estate	$209,918,100	$2,200,604
Personal Property	65,686,000	1,312,618
Total Valuation	$275,604,100	$3,513,222

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for Independent School District No. 100 (Wrenshall Public Schools) is about 87.17% 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 $299,317,364.

2018/19 NET TAX CAPACITY BY CLASSIFICATION

	2018/19 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$ 713,260	20.30%
Agricultural	486,273	13.84%
Commercial/industrial	90,516	2.58%
Public utility	593,627	16.90%
Railroad operating property	83,630	2.38%
Non-homestead residential	93,896	2.67%
Commercial & residential seasonal/rec.	139,402	3.97%
Personal property	1,312,618	37.36%
Total	$ 3,513,222	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Taxable Net Tax Capacity[2]	Percent +/- in Estimated Market Value
2014/15	$ 241,646,100	$ 222,865,200	$ 2,969,623	$ 2,969,623	+ 0.64%
2015/16	253,353,900	234,868,500	3,208,182	3,208,182	+ 4.85%
2016/17	260,278,500	241,272,021	3,315,850	3,315,850	+ 2.73%
2017/18	264,815,500	245,434,203	3,380,080	3,380,080	+ 1.74%
2018/19	275,604,100	256,233,857	3,513,222	3,513,222	+ 4.07%

1 Net Tax Capacity includes tax increment values, if any.

2 Taxable Net Tax Capacity does not include tax increment values, if any.

LARGER TAXPAYERS

Taxpayer	Type of Property	2018/19 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Enbridge Energy	Utility	$ 866,120	24.65%
Northern Natural Gas Company	Utility	566,758	16.13%
Enbridge Energy, LLC	Utility	303,790	8.65%
Great Lakes Gas	Utility	84,630	2.41%
Burlington Northern Railroad	Railroad	84,032	2.39%
Magellan Pipeline Terminals, LP	Utility	50,043	1.42%
Magellan Pipeline Company, LP	Utility	41,750	1.19%
Minnesota Power	Utility	21,299	0.61%
Super D Leasing Corporation	Industrial	20,564	0.59%
Heikes Family, LP	Agricultural	9,913	0.28%
Total		$ 2,048,899	58.32%

District's Total 2018/19 Net Tax Capacity $3,513,222

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)*	$ 9,635,000

Other Obligations

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
10/29/19	$105,266	Bus Promissory Note	10/29/22	$105,266

*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 in the debt service fund.

Some Districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to Districts to offset a portion of certain bond levies (Minn. Stat. Section 273.1387). The reimbursement percentages are 40% for taxes payable in 2018 and 2019, 50% for 2020, 55% for 2021, 60% for 2022, and 70% for 2023 and thereafter. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, rural vacant land and managed forestland. The amount of agricultural credit received in the debt service fund for taxes payable 2020 is approximately 5.4% of total annual debt service levies, based on the District’s 2018/19 qualifying agricultural land valuation.

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

2 Based upon the agricultural land valuation and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

Independent School District No. 100 (Wrenshall Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 04/09/2020)

	School Building Refunding Bonds Series 2017A		Facilities Maintenance Bonds Series 2020A							
Dated	12/14/2017		04/09/2020							
Amount	$1,260,000		$8,995,000*							
Maturity	02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2021	315,000	12,800	150,000	222,092	465,000	234,892	699,892	9,170,000	4.83%	**2021**
2022	325,000	6,500	20,000	267,813	345,000	274,313	619,313	8,825,000	8.41%	**2022**
2023			340,000	267,013	340,000	267,013	607,013	8,485,000	11.94%	**2023**
2024			375,000	253,413	375,000	253,413	628,413	8,110,000	15.83%	**2024**
2025			390,000	238,413	390,000	238,413	628,413	7,720,000	19.88%	**2025**
2026			410,000	222,813	410,000	222,813	632,813	7,310,000	24.13%	**2026**
2027			425,000	206,413	425,000	206,413	631,413	6,885,000	28.54%	**2027**
2028			440,000	189,413	440,000	189,413	629,413	6,445,000	33.11%	**2028**
2029			460,000	171,813	460,000	171,813	631,813	5,985,000	37.88%	**2029**
2030			475,000	153,413	475,000	153,413	628,413	5,510,000	42.81%	**2030**
2031			495,000	134,413	495,000	134,413	629,413	5,015,000	47.95%	**2031**
2032			505,000	124,513	505,000	124,513	629,513	4,510,000	53.19%	**2032**
2033			520,000	113,150	520,000	113,150	633,150	3,990,000	58.59%	**2033**
2034			530,000	101,450	530,000	101,450	631,450	3,460,000	64.09%	**2034**
2035			540,000	89,525	540,000	89,525	629,525	2,920,000	69.69%	**2035**
2036			555,000	76,025	555,000	76,025	631,025	2,365,000	75.45%	**2036**
2037			570,000	62,150	570,000	62,150	632,150	1,795,000	81.37%	**2037**
2038			585,000	47,900	585,000	47,900	632,900	1,210,000	87.44%	**2038**
2039			595,000	33,275	595,000	33,275	628,275	615,000	93.62%	**2039**
2040			615,000	16,913	615,000	16,913	631,913	0	100.00%	**2040**
	640,000	19,300	8,995,000	2,991,917	9,635,000	3,011,217	12,646,217			

* Preliminary, subject to change.

BONDED DEBT LIMIT

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	$ 299,317,364
Multiply by 15%	0.15
Statutory Debt Limit	$ 44,897,605
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(9,635,000)
Unused Debt Limit*	$ 35,262,605

*Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2018/19 Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
Carlton County	$ 32,921,492	10.6715%	$ 8,125,000	$ 867,059
City of Wrenshall	329,802	100.0000%	335,000	335,000
District's Share of Total Overlapping Debt				$ 1,202,059

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 Bonds. 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.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value ($299,317,364)	Debt/ Current Population Estimate (1,872)
Direct G.O. Debt Secured By Taxes and State Aids[1]*	$ 9,635,000		
Less: Agricultural Credit	(520,290)		
Tax Supported General Obligation Deb (includes the Bonds)t*	$ 9,114,710	3.05%	$4,868.97
District's Share of Total Overlapping Debt	$ 1,202,059	0.40%	$642.13
Total*	$10,316,769	3.45%	$5,511.09

*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.

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1 Based on current State law and statistics, the State of Minnesota is estimated to pay approximately 5.4% of the principal and interest of the District's general obligation bonds. Assuming this percentage continues for the life of the issue, the State's proportionate share of principal is $520,290

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	$926,968	$911,336	$926,646	99.97%
2015/16	899,791	886,743	898,918	99.90%
2016/17	870,163	858,095	868,221	99.78%
2017/18	984,212	972,461	980,782	99.65%
2018/19	963,036	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.

TAX CAPACITY RATES[4]

	2014/15	2015/16	2016/17	2017/18	2018/19
I.S.D. No. 100 (Wrenshall Public Schools)	22.169%	19.025%	16.690%	18.389%	18.210%
Carlton County	83.586%	82.853%	83.759%	84.828%	83.529%
City of Wrenshall	44.188%	41.366%	40.560%	41.263%	39.216%
Town of Wrenshall[5]	17.368%	17.627%	17.644%	18.849%	18.349%
ARDC	0.174%	0.174%	0.176%	0.176%	0.175%
Referendum Market Value Rates:					
I.S.D. No. 100 (Wrenshall Public Schools)	0.15561%	0.15626%	0.16463%	0.19095%	0.16417%

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

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

2 Collections are through December 31, 2019.

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

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

5 Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 95, including 60 non-licensed employees and 35 licensed employees (31 of whom are teachers). The District provides education for 363 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, Chapter 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
Education Minnesota	June 30, 2021
Education Support Professionals	June 30, 2021
AFSCME	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. 75 (GASB 75). The District's most recent actuarial study shows a total OPEB liability of $28,522 as of June 30, 2019. The District has been funding these obligations on a pay-as-you-go basis.

Source: The District's most recent actuarial study.

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	25	134	159	318
2016/17	23	161	159	343
2017/18	34	182	173	389
2018/19	22	169	167	358
2019/20	20	165	178	363

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2020/21	20	155	180	355
2021/22	20	154	196	370
2022/23	20	144	196	360

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Wrenshall Elementary/Secondary	1953	1962, 1976, 1999

FUNDS ON HAND (as of January 31, 2020)

Fund	Total Cash and Investments
General	$244,577
Food Service	(9,378)
Community Service	63,684
Debt Servic	51,329
Trust & Agency	46,807
Total Funds on Hand	$397,020

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 Bonds or otherwise questioning the validity of the Bonds.

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 Bonds 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 Bonds. Such modifications could be adverse to holders of the Bonds and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds.

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 2019 audited financial statements.

	FISCAL YEAR ENDING JUNE 30				
COMBINED STATEMENT	**2016 Audit**	**2017 Audit**	**2018 Audit**	**2019 Audit**	**2019/20 Revised Budget 1)**
Revenues					
Local property tax levies	$582,931	$545,609	$548,145	$680,521	$648,355
Other local and county revenues	147,976	150,280	157,607	150,014	104,471
Revenues from state sources	2,988,043	3,159,838	3,634,136	3,614,420	3,782,248
Revenues from federal sources	139,460	139,793	142,968	148,527	141,929
Interest income	1,859	4,588	9,624	14,963	10,000
Insurance recovery and other	690	2,794	410	14,858	0
Total Revenues	$3,860,959	$4,002,902	$4,492,890	$4,623,303	$4,687,003
Expenditures					
Current:					
Administration	$178,392	$198,470	$333,877	$299,411	$312,636
District support services	204,494	244,707	212,384	197,647	243,902
Elementary & secondary regular instruction	1,880,318	1,935,380	2,207,998	2,279,024	2,277,617
Vocational education instruction	37,914	45,766	49,785	61,465	45,857
Exceptional instruction	491,655	531,246	632,179	703,465	787,133
Instructional support services	125,300	118,180	104,859	123,547	115,197
Pupil support services	316,693	364,487	375,863	347,874	444,781
Sites, buildings and equipment	346,867	436,840	398,622	470,183	556,645
Fiscal and other fixed cost programs	17,418	18,081	18,699	20,751	26,000
Capital Outlay	28,722	190,425	378,741	88,904	0
Debt Service	42,195	48,370	81,339	65,303	0
Total Expenditures	$3,669,968	$4,131,952	$4,794,346	$4,657,574	$4,809,768
Excess of revenues over (under) expenditures	$190,991	($129,050)	($301,456)	($34,271)	($122,765)
Other Financing Sources (Uses)					
Operating transfers in	$0	$0	$0	$0	$0
Operating transfers out	(30,648)	(65,000)	(2,068)	(27,416)	0
Issuance of a capital lease	0	94,683	96,236	0	0
Proceeds from sale of capital assets	0	300	85	0	0
Total Other Financing Sources (Uses)	($30,648)	$29,983	$94,253	($27,416)	$0
Net changes in Fund Balances	$160,343	($99,067)	($207,203)	($61,687)	($122,765)
General Fund Balance July 1	$457,883	$618,226	$519,159	$311,956	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	$618,226	$519,159	$311,956	$250,269	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$20,391	$26,454	$0	$0	
Restricted	21,485	40,769	60,117	83,185	
Assigned	13,449	15,677	20,762	24,611	
Unassigned	562,901	436,259	231,077	142,473	
Total	$618,226	$519,159	$311,956	$250,269	

Note: The District's revised budget for fiscal year 2020 includes a projected $85,000 of one-time capital expenses for deferred maintenance projects and $25,000 in one-time expenses related to a possible consolidation and referendum. In fiscal years 2017 to 2019, the District completed a series of one-time deferred maintenance projects. The District expects to return to balanced operations beginning in fiscal year 2021.

1) The 2019/20 Revised Budget was adopted on 2/17/20.

GENERAL INFORMATION

LOCATION

The District, with a current population estimate of 1,872 and comprising an area of 42 square miles, is located approximately 8 miles southeast of the City of Cloquet and 20 miles southwest of the City of Duluth.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 100 (Wrenshall)	Elementary and secondary education	95
Custom Step Co.	Precast concrete-steel fabricating	20
Garden Terrace Assisted Living	Senior assisted living facility	11
Northern Natural Gas	Natural gas utility	10
Clear Creek Outdoors	Dog training facility	8
City of Wrenshall	Municipal government and services	7
US Post Office	Postal service	5
Brick Pub & Grub	Restaurant	4
Bob Kent Well Drilling	Drilling company	3
Nickerson Bar & Motel	Motel and bar	3

Source: *ReferenceUSA, written and telephone survey (January 2020), 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[1]	N/A
2010 U.S. Census population	1,830
2018 Population Estimate	1,872

Income and Age Statistics

	The District	Carlton County	State of Minnesota	United States
2018 per capita income	$30,093	$28,117	$36,245	$32,621
2018 median household income	$64,279	$60,390	$68,411	$60,293
2018 median family income	$74,659	$73,196	$86,204	$73,965
2018 median gross rent	$1,075	$749	$944	$1,023
2018 median value owner occupied units	$166,200	$166,200	$211,800	$204,900
2018 median age	46.4 yrs.	40 yrs.	37 yrs.	37.9 yrs.

	State of Minnesota	United States
District % of 2018 per capita income	83.03%	92.25%
District % of 2018 median family income	86.61%	100.94%

Source: *2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (https://data.census.gov/cedsci).*

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	**Carlton County**	**Carlton County**	**State of Minnesota**
2015	16,706	4.9%	3.7%
2016	16,849	5.3%	3.9%
2017	16,863	4.7%	3.4%
2018	16,926	4.1%	2.9%
2019, December	17,015	5.4%	3.5%

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

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1 This information is no longer available.

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 Bonds, 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.

Independent School District No. 100
Wrenshall, Minnesota

Annual Financial Statements
For the Year Ended June 30, 2019
Together with Independent Auditor's Report

Independent School District No. 100

Year Ended June 30, 2019

Table of Contents

Independent School District No. 100

Year Ended June 30, 2019

School Officials

Elective	Office	Term Expires
Matt Laveau	Chair	1/1/21
Janaki Fisher-Merritt	Vice-Chair	1/1/21
Michelle Blanchard	Clerk	1/1/23
Jack Eudy	Trustee	1/1/23
Warren Weiderman	Treasurer	1/1/21
Debra Washenesky	Trustee	1/1/23
Appointive		
Kimberly Belcastro	Superintendent	

WIPFLi

Independent Auditor's Report

To the School Board
Independent School District No. 100
Wrenshall, 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. 100, Wrenshall, Minnesota (District), as of and for the year ended June 30, 2019, 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; 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 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 entity'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 entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, pages 4 through 8, the information about the District's other postemployment health care plan, page 46, and the information about the District's net pension liability, pages 47 and 48 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 required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor governmental funds financial statements, and the fiscal compliance table, pages 49 through 51, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor governmental funds financial statements and fiscal compliance table are the responsibility of management and were derived from and relate 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 audit procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.

Wipfli LLP

Wipfli LLP

December 18, 2019
Duluth, Minnesota

Management's Discussion and Analysis

Independent School District No. 100

Management's Discussion and Analysis
Year Ended June 30, 2019

As management of Independent School District No. 100 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019.

Financial Highlights

Key financial highlights for the 2018-2019 fiscal year include the following:

- Total net position (deficit) was ($34,041) at June 30, 2019, an increase of $1,051,290 over the prior year.
- Overall actual revenues in the Statement of Activities were $5,256,242 and expenses were $4,204,952.
- General Fund total fund balance decreased $61,687 during fiscal year ended June 30, 2019.

Overview of the Financial Statements

The financial section of the annual report consists of four parts - Independent Auditor's Report, required supplementary information which includes the Management's Discussion and Analysis (this section), the basic financial statements and supplemental information. The basic financial statements include two kinds of statements that present different views of the District.

District-wide Statements

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

The two district-wide statements report the District's net position and how it has changed.

The statement of net position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused compensated absences).

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, state statutes, and to control and manage money for particular purposes. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds - Most of the District's basic services are included in governmental funds. Governmental fund financial statements focus on near-term inflows of cash and other financial assets that can readily be converted to cash, as well as the balances at year-end that are available for spending. Consequently, the government funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the district-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. A reconciliation is provided to facilitate a comparison between government funds financial statements and district-wide financial statements.

Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the private purpose trust fund. 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 district-wide financial statements because the District cannot use these assets to finance its operation.

Financial Analysis of the District as a Whole

Net position may serve over time as a useful indicator of a district's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $34,041 as of June 30, 2019.

Statement of Net Position (Deficit)
June 30,

	2019	2018
Capital assets	$ 4,087,412	$ 4,250,917
Current and other assets	1,877,681	2,011,083
Total assets	5,965,093	6,262,000
Deferred outflows of resources	3,612,678	2,999,538
Long-term liabilities	3,946,515	8,693,293
Other liabilities	555,157	562,435
Total liabilities	4,501,672	9,255,728
Deferred inflows of resources	5,110,140	1,091,141
Net position		
Net investment in capital assets	3,088,989	2,880,348
Restricted	209,047	213,737
Unrestricted (deficit)	(3,332,077)	(4,179,416)
Total net position (deficit)	$ (34,041)	$ (1,085,331)

Independent School District No. 100

Management's Discussion and Analysis (Continued)
Year Ended June 30, 2019

Change in Net Position
For the years ended June 30,

	2019	2018
Revenues		
Program revenues		
Charges for services	$ 283,041	$ 277,917
Operating grants and contributions	727,763	706,350
General revenues		
Property taxes	1,004,915	911,650
State aids	3,223,646	3,253,578
Other	16,877	11,275
Total revenues	5,256,242	5,160,770
Expenses		
District and school administration	300,556	335,022
District support services	201,054	208,732
Regular instruction	1,341,757	3,242,360
Vocational instruction	61,465	49,785
Exceptional instruction	703,465	632,179
Instructional support services	133,261	115,182
Pupil support services	366,727	425,522
Sites, building and equipment	541,625	414,326
Fiscal and other fixed cost programs	20,751	18,699
Food service	204,981	176,134
Community service	157,284	130,622
Interest and fiscal charges on long-term debt	23,379	79,885
Unallocated depreciation	148,647	146,761
Total expenses	4,204,952	5,975,209
Change in net position	1,051,290	(814,439)
Net position, beginning of year	(1,085,331)	(273,754)
Adjustment for restatement of Total OPEB Liability		2,862
Net position, end of year (deficit)	$ (34,041)	$ (1,085,331)

Financial Analysis of the District's Funds

While the government-wide presentations are designed to present users with a more complete picture of the District's financial position and results of operation, the traditional fund accounting basis provides users with information that can be used by the District to make decisions in the near-term.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $377,572, a decrease of $90,398 from the prior year. This total consists of: General Fund, $250,269; Debt Service Fund, $70,235; and Community Service Fund, $57,068.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was $142,473. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund budget. Unassigned fund balance represents 3.1% of the total General Fund's final budgeted expenditures of $4,602,638 at June 30, 2019. The School Board has adopted a Fund Balance Policy, establishing a goal of having a minimum General Fund unassigned fund balance equal to 8-10% of the annual budget.

The Debt Service fund balance decreased by $9,869 and the Community Service Fund balance decreased $18,842.

General Fund Budgetary Highlights

The board of each school district must approve and adopt its revenue and expenditure budgets for the next school year prior to July 1 of each year. The budget document adopted is an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes the expenditure or prior to an amendment to the budget document by the board to authorize the expenditure.

The originally adopted General Fund revenue and other financing sources budget of $4,586,357 was amended to $4,566,402 due to a revision of estimated general education aid and special education aid resulting from lower than anticipated student numbers.

The originally adopted General Fund expenditure budget of $4,608,694 was amended to $4,602,638 due to staffing changes.

Actual revenues and other financing sources were $56,901 more than anticipated primarily due to higher state special education aid than anticipated.

Actual expenditures and other financing uses were $82,352 more than anticipated due to additional staffing costs.

Capital Asset and Debt Administration

Capital Asset

By the end of fiscal year 2019, the District had invested $9,250,934 in a broad range of capital assets, including land, school buildings, athletic facilities, buses and computer equipment. Total depreciation expense for the year was $233,152. More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

Debt Administration

At June 30, 2019, the District had $955,000 in general obligation bonds payable. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation of 10 percent of the fair market value of property in the District. The District is within its legal authority for bonded debt.

The District also had $32,071 in capital lease obligations, $2,899,288 in net pension liability, $28,522 in total OPEB liability, and $20,282 in compensated absence liabilities at June 30, 2019.

More detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.

Independent School District No. 100

Management's Discussion and Analysis (Continued)
Year Ended June 30, 2019

Factors Bearing on the District's Future

Wrenshall School District continues to promote and maintain a comprehensive PK-12 educational system for Wrenshall resident students and open enrolled students from area school districts. The District's enrollment has remained stabel, with elementary enrollment currently exceeding high school enrollment, which indicates long term stability. The educational staff is now in the seveth school year of the Quality Compensation Program which has allowed for focused-systemic staff development. Under the Quality Compensation Program the educators are evaluated every year under the Charlotte Danielson Model which has been very helpful. In addition, the professional learning communities are led by teacher leaders who do informal observations of all of the teaching staff. This has proved to be valuable and a collegial effort towards effective school improvement.

Contacting the District's Financial Management

This financial report 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, 207 Pioneer Drive Wrenshall, MN 55797 or call the Business Manager, (218) 384-4274.

Government-Wide Financial Statements

Independent School District No. 100

Statement of Net Position (Deficit)

June 30, 2019

		Governmental Activities
Assets and Deferred Outflows of Resources		
Current assets		
Cash and temporary cash investments	$	1,129,237
Current property taxes receivable		308,777
Delinquent property taxes receivable		17,625
Due from other Minnesota school districts		18,448
Due from Minnesota Department of Education		308,251
Due from federal government through the Minnesota Department of Education		89,622
Due from other governmental units		4,389
Inventory		1,332
Total current assets		1,877,681
Capital assets, net of depreciation		
Assets not being depreciated		22,760
Assets being depreciated, net		4,064,652
Total capital assets, net of depreciation		4,087,412
Total assets		5,965,093
Deferred outflows of resources		
Items related to pensions plans		3,612,678
Total assets and deferred outflow of resources	$	9,577,771
Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)		
Current liabilities		
Salaries payable	$	389,707
Accounts payable		21,640
Accrued payroll taxes		70,798
Due to other Minnesota school districts		51,120
Due to other governments		9,803
Interest payable		8,632
Unearned revenue		3,457
Current portion of long-term liabilities		351,465
Total current liabilities		906,622
Long-term liabilities		3,595,050
Total liabilities		4,501,672
Deferred inflows of resources		
Property taxes levied for subsequent year's expenditures		935,959
Items related to pension plans		4,174,181
Total deferred inflows of resources		5,110,140
Net position (deficit)		
Net investment in capital assets		3,088,989
Restricted		209,047
Unrestricted (deficit)		(3,332,077)
Total net position (deficit)		(34,041)
Total liabilities, deferred inflows of resources, and net position (deficit)	$	9,577,771

See accompanying notes to financial statements.

Independent School District No. 100

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
District and school administration	$ 300,556	$	$	$	$ (300,556)
District support services	201,054	14,878	2,468		(183,708)
Regular instruction	1,341,757	151,762	72,617		(1,117,378)
Vocational instruction	61,465		3,905		(57,560)
Exceptional instruction	703,465	(7,619)	478,629		(232,455)
Instructional support services	133,261				(133,261)
Pupil support services	366,727	3,960			(362,767)
Sites, buildings and equipment	541,625				(541,625)
Fiscal and other fixed program costs	20,751				(20,751)
Food service	204,981	48,685	128,881		(27,415)
Community service	157,284	71,375	41,263		(44,646)
Interest and fiscal charges on long-term debt	23,379				(23,379)
Unallocated depreciation	148,647				(148,647)
Total governmental activities	$ 4,204,952	$ 283,041	$ 727,763	$	(3,194,148)

General revenues	
Taxes	
Property taxes, levied for general purposes	676,147
Property taxes, levied for community service	25,244
Property taxes, levied for debt service	303,524
State aid-formula grants	3,223,646
Other general revenues	1,914
Investment earnings	14,963
Total general revenues	4,245,438
Change in net position	1,051,290
Net position (deficit), beginning of the year (restated)	(1,085,331)
Net position (deficit), end of the year	$ (34,041)

See accompanying notes to financial statements.

Independent School District No. 100

Governmental Funds – Balance Sheet
June 30, 2019

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and temporary cash investments	$ 734,212	$ 294,038	$ 100,987	$ 1,129,237
Current property taxes receivable	195,772	105,523	7,482	308,777
Delinquent property taxes receivable	10,434	6,682	509	17,625
Due from other Minnesota school districts	18,448			18,448
Due from the Minnesota Department of Education	303,914	1,804	2,533	308,251
Due from the federal government through the Minnesota Department of Education	89,622			89,622
Due from other governmental units	4,389			4,389
Inventory			1,332	1,332
Total assets	1,356,791	408,047	112,843	1,877,681
Liabilities				
Salaries payable	$ 363,416	$	$ 26,291	$ 389,707
Accounts payable	21,165	475		21,640
Accrued payroll taxes	70,798			70,798
Due to other Minnesota school districts	51,120			51,120
Due to other governments	9,803			9,803
Unearned revenue			3,457	3,457
Total liabilities	516,302	475	29,748	546,525
Deferred inflows of resources				
Delinquent property taxes	10,434	6,682	509	17,625
Property taxes levied for subsequent year's expenditures	579,786	330,655	25,518	935,959
Total deferred inflows of resources	590,220	337,337	26,027	953,584
Fund balances				
Nonspendable			1,332	1,332
Restricted	83,185	70,235	57,068	210,488
Assigned	24,611			24,611
Unassigned	142,473		(1,332)	141,141
Total fund balances	250,269	70,235	57,068	377,572
Total liabilities, deferred inflows of resources, and fund balances	$ 1,356,791	$ 408,047	$ 112,843	$ 1,877,681

See accompanying notes to financial statements.

Independent School District No. 100

Governmental Funds – Reconciliation of the Balance Sheet to the Statement of Net Position (Deficit)

June 30, 2019

Total fund balances - governmental funds	$	377,572
Amounts reported for governmental activities in the statement of net position (deficit) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets		9,250,934
Less accumulated depreciation		(5,163,522)
Long-term liabilities, including bonds payable, capital leases payable, other postemployment benefits, and compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
General obligation bonds		(955,000)
Capital leases		(32,071)
Unamortized bond premium		(11,352)
Compensated absences		(20,282)
Total OPEB obligation		(28,522)
The net pension liability and the deferred outflows of resources and inflow of resources related to pensions are only reported in the statement of net position		
Net pension liability		(2,899,288)
Deferred inflows of resources related to pensions		(4,174,181)
Deferred outflows related to pensions		3,612,678
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		17,625
Governmental funds do not report a liability for accrued interest until due and payable.		(8,632)
Total net position (deficit) - governmental activities	$	(34,041)

See accompanying notes to financial statements.

Independent School District No. 100

Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2019

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local property tax levies	$ 680,521	$ 307,299	$ 25,504	$ 1,013,324
Other local and county revenues	150,014		73,275	223,289
Revenue from state sources	3,614,420	18,042	54,256	3,686,718
Revenue from federal sources	148,527		116,187	264,714
Interest income	14,963			14,963
Sales and other conversion of assets			46,785	46,785
Insurance recovery and other	14,858			14,858
Total revenues	4,623,303	325,341	316,007	5,264,651
Expenditures				
Current				
District and school administration	299,411			299,411
District support services	197,647			197,647
Regular instruction	2,279,024			2,279,024
Vocational instruction	61,465			61,465
Exceptional instruction	703,465			703,465
Community education and services			156,732	156,732
Instructional support services	123,547			123,547
Pupil support services	347,874		203,648	551,522
Site, buildings, and equipment	470,183			470,183
Fiscal and other fixed cost programs	20,751			20,751
Debt service				
Principal	62,752	305,000		367,752
Interest and other fiscal costs	2,551	30,210		32,761
Capital outlay	88,904		1,885	90,789
Total expenditures	4,657,574	335,210	362,265	5,355,049
Excess (deficiency) of revenues over expenditures	(34,271)	(9,869)	(46,258)	(90,398)
Other financing sources (uses)				
Transfers in			27,416	27,416
Transfers out	(27,416)			(27,416)
Total other financing sources (uses)	(27,416)		27,416	
Net change in fund balances	(61,687)	(9,869)	(18,842)	(90,398)
Fund balances, beginning	311,956	80,104	75,910	467,970
Fund balances, ending	$ 250,269	$ 70,235	$ 57,068	$ 377,572

See accompanying notes to financial statements.

Independent School District No. 100

Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2019

Total net changes in fund balances - governmental funds	$	(90,398)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets is allocated over the estimated useful lives as depreciation expense. This amount is the net effect of capital outlays, depreciation expenses and the effect of various transactions involving capital assets.		
Capital outlays		69,647
Depreciation expense		(233,152)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments on general obligation bonds		305,000
Principal payments on capital leases		62,752
Amortization of bond premium		4,394
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, However, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.		4,988
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Change in total OPEB liability		(3,691)
Change in compensated absences		(4,827)
Change in deferred outflows of resources related to pensions		613,140
Change in deferred inflows of resources related to pensions		(4,051,304)
Change in pension liability		4,383,150
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditure, and therefore are deferred in the funds.		(8,409)
Change in net position - governmental activities	$	1,051,290

See accompanying notes to financial statements.

Independent School District No. 100

General Fund – Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Local property tax levies	$ 677,241	$ 676,413	$ 680,521	$ 4,108
Other local and county revenues	88,500	100,718	150,014	49,296
Revenue from state sources	3,674,759	3,629,577	3,614,420	(15,157)
Revenue from federal sources	142,357	140,150	148,527	8,377
Interest income	3,500	3,500	14,963	11,463
Insurance recovery and other		16,044	14,858	(1,186)
Total revenues	4,586,357	4,566,402	4,623,303	56,901
Expenditures				
Current				
District and school administration	290,812	290,536	299,411	8,875
District support services	250,044	192,637	197,647	5,010
Regular instruction	2,144,585	2,209,486	2,279,024	69,538
Vocational instruction	43,197	44,425	61,465	17,040
Exceptional instruction	727,461	657,343	703,465	46,122
Instructional support services	119,915	121,224	123,547	2,323
Pupil support services	406,019	411,306	347,874	(63,432)
Site, buildings, and equipment	455,438	478,958	470,183	(8,775)
Fiscal and other fixed cost programs	18,000	18,500	20,751	2,251
Capital outlay	87,920	112,920	88,904	(24,016)
Debt service				
Principal	63,626	63,626	62,752	(874)
Interest	1,677	1,677	2,551	874
Total expenditures	4,608,694	4,602,638	4,657,574	54,936
Deficiency of revenues over expenditures	(22,337)	(36,236)	(34,271)	1,965
Other financing uses				
Transfers out			(27,416)	(27,416)
Net change in fund balance	(22,337)	(36,236)	(61,687)	(25,451)
Fund balance, beginning	311,956	311,956	311,956	
Fund balance, ending	$ 289,619	$ 275,720	$ 250,269	$ (25,451)

See accompanying notes to financial statements.

Independent School District No. 100

Fiduciary Fund – Statement of Fiduciary Net Position

June 30, 2019

		Private Purpose Trust Fund
Assets		
Cash and cash equivalents	$	47,271
Liabilities		
Accounts payable	$	19
Net position		
Held in trust for scholarships		47,252
Total liabilities and net position	$	47,271

See accompanying notes to financial statements.

Independent School District No. 100

Fiduciary Fund – Statement of Change in Fiduciary Net Position

For the Year Ended June 30, 2019

	Private Purpose Trust Fund
Additions	
Donations	$ 2,200
Investment earnings	1,288
Total additions	3,488
Deductions	
Scholarships paid	2,174
Change in net position	1,314
Net position, beginning of the year	45,938
Net position, end of the year	$ 47,252

See accompanying notes to financial statements.

Note 1 Summary of Significant Accounting Policies

Independent School District No. 100 (District) was formed and operates pursuant to applicable Minnesota laws and statutes. The Governing Body consists of a six-member Board elected by voters of the District. Members are elected for four-year terms. The accounting policies of the District conform to accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting board for establishing governmental accounting and financial reporting principles.

Reporting Entity

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable or for which the exclusion of would render the financial statements misleading. The District has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based on these criteria established by the Governmental Accounting Standards Board, there are no organizations considered to be component units of the District.

The student activity accounts of the District are under School Board control. The activity is accounted for in the General Fund.

Basic Financial Statement Presentation

The government-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in separate financial statements at the fund financial statement level.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported as a separate column in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

The fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition - Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year in which it applies according to Minnesota Statutes. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year.

2. Recording of Expenditures - Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

A general summary of the nature and purpose of each of the funds maintained by the District follows:

Major Governmental Funds

General Fund - This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund accounts for: administration, kindergarten through 12th grade instruction, transporting students to and from school, maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

Debt Service Fund - This fund accounts for the accumulation of resources for the retirement of principal and interest on all general obligation bond indebtedness. Assets of the Debt Service Fund are restricted to the payment of bond principal and interest.

Note 1 Summary of Significant Accounting Policies (Continued)

Nonmajor Governmental Funds

Special Revenue Funds - These funds are used to account for proceeds of specific revenue sources that are restricted by law or administrative action to expense for specified purposes. The District has two special revenue funds:

Food Service Fund - is used to account for food service revenues and expenditures. Revenues consist of state and federal aids and sales to students and employees.

Community Service Fund - is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues consist of state and federal aids and grants and fees from program participants.

Fiduciary Funds

Private Purpose Trust Fund - The Scholarship Trust Fund is used to account for resources received and held by the District in a trustee capacity to be used in making scholarship awards.

Budgeting

Formal budgetary accounting is employed as a management control for all funds of the District. For each fund for which a formal budget is adopted, the budget is prepared on the same basis of accounting as the financial statements. The budget is adopted through passage of a resolution. The School Board must approve revisions. Legal budgetary control is at the fund account level.

Cash and Investments

Cash and investments of the individual funds are combined to form a pool and are 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 average cash balance participation by each fund.

Investments are stated at fair value or amortized cost.

Receivables

All receivables are shown net of any allowance for uncollectible amounts. No allowances for uncollectibles have been recorded. The only receivables not expected to be collected within one year are delinquent property taxes receivable.

Inventory

The District maintains no central stores and, therefore, expenses supply items as purchased. However, inventories for food items have been recorded in the proper funds. The District values its inventories at cost, on a first-in, first-out basis.

Independent School District No. 100

Notes to Financial Statements (Continued)
Year Ended June 30, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes are set by the school board and certified to the county auditor who acts as collecting agent, in December, of the year prior to collection. Taxes become a lien on property on the following January 1. Minnesota school districts operate under a levy limitation law that generally limits annual increases in taxes per capita. This law does not cover levies for bonded indebtedness.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The county provides tax settlements to school districts and other taxing districts in January, March, June, and November or December. Portions of the tax levy paid by the state in the form of credits are included in revenue from state sources.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). General fund revenue is determined annually by statutory funding formulas. These formulas allocate revenue between property taxes and state aids based on education funding priorities set by the Minnesota State Legislature. Changes in this allocation result in an annual change in property tax revenue recognition referred to as the "tax shift". In prior years, the amount of shift has varied between 0 and 50 percent.

The following is a summary of tax shift transactions by fund:

	(0.0%) Total Shift June 30, 2018	State Aid Adjustment	Revenue Adjustment	(0.0%) Total Shift June 30, 2019
General Fund	$ 37,354	$	$ 11,231	$ 48,585

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 in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are reported at historical cost or estimated historical costs for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair acquisition value at the date of donation. The District maintains a threshold level of $5,000 or more for capitalizing capital assets. 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 reported in the district-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives, ranging from five to fifty years.

Capital assets not being depreciated include land.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has reported deferred outflows of resources related to pensions for its proportionate share of collective deferred outflows of resources related to pensions and the Districts contributions to pension plans subsequent to the measurement date of the collective net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has reported unavailable revenue from delinquent property taxes, which arises only under a modified accrual basis of accounting, in the governmental funds balance sheet. The District has also reported property taxes levied for subsequent years expenditures as a deferred inflow of resources in both the governmental funds balance sheet and the statement of net position. The District has also reported deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions.

Long-term Obligations

In the governmental-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest 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 received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Note 1 Summary of Significant Accounting Policies (Continued)

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Teachers Retirement Association (TRA) and Public Employees Retirement Association (PERA) and additions to/deductions from TRA and PERA's fiduciary net position have been determined on the same basis as they are reported by TRA and PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 8.

Compensated Absences

Vacation granted and sick pay earned are based on length of service and various bargaining unit contracts. In the fund financial statements, vacation pay is recorded when paid. In the district-wide financial statements, a liability is recorded for vacation pay when it is earned. Unused sick leave enters into the calculation of early retirement incentive payments for some employees upon termination.

Other Postemployment Benefits (OPEB)

The District provides postemployment health insurance benefits to some retired employees as established by contracts with bargaining units or other employment contracts. These contracts state the years, age and retiring dates needed to qualify for these postemployment benefits. The contracts also establish the amount the District will contribute towards the purchase of health insurance.

Fund Balance

In the fund financial statements, governmental funds report fund balance amounts within one of the following categories: nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is either (a) not in spendable form, or (b) legally or contractually required to remain intact. Restricted fund balance includes amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Committed fund balance includes amounts that can be used only for specific purposes determined by a formal action of the School Board. Assigned fund balance includes amounts intended to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. In accordance with the District's fund balance policy, a majority vote of the School Board is required to commit a fund balance to a specific purpose and subsequently remove or change any commitment and the District's superintendent is authorized to assign fund balance to a specific purpose.

Note 1 Summary of Significant Accounting Policies (Continued)

At June 30, 2019, the District had no committed fund balances. The portion of the fund balance not nonspendable, restricted, committed, or assigned, is reported as unassigned. If resources from one fund balance classification could be spent, the District will strive to spend resources in the following order: restricted, committed, assigned, and unassigned. The District applies restricted resources first when an expense is incurred for the purpose for which both restricted and unrestricted fund balance is available.

The District strives to maintain a minimum unassigned general fund balance of 8 – 10 percent of the general fund operating budget. At June 30, 2019, the District had not met the minimum general fund balance goal.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, in the government-wide and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 18, 2019, the date the financial statements were available to be issued. There were no subsequent events identified by the District that are required to be disclosed.

Independent School District No. 100

Notes to Financial Statements (Continued)
Year Ended June 30, 2019

Note 2 Deposits and Investments

Deposits

In accordance with Minnesota Statutes, the School District maintains deposits at those depository banks authorized by the School Board.

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.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District requires collateral for deposits over FDIC insurance amounts. At June 30, 2019, the District's deposits were not exposed to custodial credit risk.

Investments

The District may also invest idle funds as authorized by Minnesota statutes, as follows: direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better, general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States' bank eligible for purchase by the Federal Reserve System; commercial paper issued by United States' corporations or their Canadian subsidiaries, 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Note 2 Deposits and Investments (Continued)

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by the Minnesota Statutes and is an external investment pool not registered with the Securities and Exchange Commission (SEC). The District's investment in MSDLAF is measured at net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. The fund is a short-term money market portfolio, a cash-management vehicle created exclusively for Minnesota school districts. The Portfolio is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of $1.00.

Interest rate risk - Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

State law limits investments as discussed above. The District has no investment policy that would further limit its investment choices.

At June 30, 2019, investments consisted of the following:

Investment		Maturities: Less Than One Year	1 - 3 Years	Over 3 Years
External investment pools	$ 896,192	$ 896,192	$	$
Negotiable certificates of deposit	35,029			35,029
Total	$ 931,221	$ 896,192	$	$ 35,029

Credit risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the District's policy to invest only in securities that meet the ratings requirements set by state statute.

S & P or Moody's	
AAAm	$ 896,192
Not rated	35,029
Total	$ 931,221

Custodial credit risk - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2019, none of the District's investments were subject to custodial credit risk.

Concentration of credit risk - The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District has no policy that would limit its investment in a single issuer.

Independent School District No. 100

Notes to Financial Statements (Continued)
Year Ended June 30, 2019

Note 2 Deposits and Investments (Continued)

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

The District had the following investments valued at recurring measurements at June 30, 2019:

		Fair Value Measurements Using		
Investments by fair value level	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Negotiable certificates of deposit	$ 35,029	$	$ 35,029	$
Investments measured at the net asset value (NAV)				
External investment pools	896,192			
Total investments	$ 931,221			

The following table sets forth additional disclosures about the District's investments whose value are estimated using net asset value (NAV) as of June 30, 2019:

		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
External Investment Pool - MSDLAF Liquid Class	$ 181,905	$ 0	On Demand	2 P.M. Eastern Time transaction deadline.
External Investment Pool - MSDLAF MAX Class	$ 714,287	$ 0	14 days, with the exception of direct investments of funds distributed by the State of Minnesota	24-hour notice
Total External Pool Investments	$ 896,192			

The District's total deposits and investments are as follows:

Petty cash	$ 1,025
Deposits	244,262
Investments	931,221
Total	$ 1,176,508

Presented in the basic financial statements as follows:

Statement of Net Position	
Cash and cash equivalents	$ 1,129,237
Statement of Fiduciary Net Position	
Private Purpose Trust Fund	
Cash and cash equivalents	47,271
Total deposits and investments	$ 1,176,508

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2019, is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated				
Land	$ 22,760	$	$	$ 22,760
Capital assets being depreciated				
Land improvements	142,880			142,880
Buildings	7,943,396	29,115		7,972,511
Equipment	1,072,251	40,532		1,112,783
Total capital assets being depreciated	9,158,527	69,647		9,228,174
Less accumulated depreciation				
Land improvements	124,270	1,866		126,136
Buildings	4,195,495	150,968		4,346,463
Equipment	610,605	80,318		690,923
Total accumulated depreciation	4,930,370	233,152		5,163,522
Total capital assets being depreciated, net	4,228,157	(163,505)		4,064,652
Capital assets, net	$ 4,250,917	$ (163,505)	$	$ 4,087,412

Depreciation is charged to governmental functions as follows:

District and school administration	$ 1,145
District support services	3,326
Regular instruction	8,302
Instructional support services	9,714
Pupil support services	59,385
Sites, building and equipment	2,633
Unallocated	148,647
Total	$ 233,152

Note 4 Long-Term Obligations

The following is a summary of change in long-term obligations:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
General Obligation Bonds					
$1,260,000 General Obligation School Building Refunding Bonds, Series 2017A, due in annual installments of $305,000 to $325,000 plus interest of 2.0% through February 2022.	1,260,000		305,000	955,000	315,000
Unamortized bond premium	15,746		4,394	11,352	4,394
Total general obligation bonds	1,275,746	-	309,394	966,352	319,394
Capital leases	94,823		62,752	32,071	32,071
Net pension liability	7,282,438	109,672	4,492,822	2,899,288	
Compensated absences	15,455	4,827		20,282	
Total OPEB liability	24,831	3,825	134	28,522	
Total	$ 8,693,293	$ 118,324	$ 4,865,102	$ 3,946,515	$ 351,465

General Obligation School Building Refunding Bonds are paid from the Debt Service Fund. The pension liability, OPEB obligation and compensated absences are paid from the General, Food Service, or Community Service Funds.

Annual amounts required to service outstanding general obligation bonds:

	General Obligation Bonds		
	Principal	Interest	Total
2020	$ 315,000	$ 19,100	$ 334,100
2021	315,000	12,800	327,800
2022	325,000	6,500	331,500
Total	$ 955,000	$ 38,400	$ 993,400

Note 4 Long-Term Obligations (Continued)

The District has entered into leases for the purchase of three buses. The leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments. At June 30, 2019, the buses are included in capital assets at a cost of $267,697 less accumulated depreciation of $100,417 for a book value of $167,280. Principal payments on leases for the year ended June 30, 2019, were $62,752.

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2019, are as follows:

Years ending June 30,	
2020	$ 32,969
Total	32,969
Less: amounts representing interest	(898)
Present value of minimum lease payments	$ 32,071

Note 5 Interfund Transactions

Transfers Out	Transfers In	Total
General Fund	Food Service Fund	$ 27,416

The transfer was made to cover the deficit operations and fund balances in the Food Service Fund.

Note 6 Net Position/Fund Balances

Fund balances were nonspendable for the following purposes at June 30, 2019:

Nonspendable	
Food Service Fund	
Inventory	1,332

Independent School District No. 100

Notes to Financial Statements (Continued)
Year Ended June 30, 2019

Note 6 Net Position/Fund Balances (Continued)

Net position and fund balance were restricted for the following purposes at June 30, 2019:

Restricted	Net Position	Fund Balance
General Fund		
Basic skills extended time	$ 7,430	$ 7,430
Gifted and talented	144	144
Medical assistance	1,119	1,119
Operating capital	2,081	2,081
Staff development	40,994	40,994
Safe schools	31,417	31,417
Total		83,185
Debt service	68,285	70,235
Other nonmajor governmental funds		
E.C.F.E.	13	13
Community education	22,130	22,130
School readiness	29,015	29,015
Community service	6,419	5,910
Total		57,068
Total restricted	$ 209,047	$ 210,488

Fund balances were assigned for the following purposes at June 30, 2019:

Assigned	
General Fund	
Football scoreboard	$ 1,400
Student activities	23,211
Total assigned	24,611

The following funds had fund balance deficits at June 30, 2019:

Deficit Fund balances	
General Fund	
Restricted	
Long term facilities maintenance	$ (82,824)
Food Service Fund	
Unassigned	
Food service	$ (1,332)

The deficits in long term facilities maintenance and food service are allowable by the Minnesota Department of Education and will be eliminated through future tax levies and the receipt of additional revenues in future years. The deficits are included in unassigned fund balance.

Note 7 Excess of Expenditures Over Appropriations

For the year ended June 30, 2019, the following fund had expenditures that exceeded appropriations:

	Budget	Expenditures	Excess
General Fund	$ 4,602,638	$ 4,657,574	$ 54,936

Note 8 Defined Benefit Pension Plans

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

A. Teachers Retirement Fund (TRA)

1. Plan Description

TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

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 may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

2. Benefits Provided

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

Independent School District No. 100

Notes to Financial Statements (Continued)
Year Ended June 30, 2019

Note 8 Defined Benefit Pension Plans (Continued)

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

Tier I Benefits

Tier I	Step rate formula	Percentage
Basic	1st ten years	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	1st ten years if service years are prior to July 1, 2006	1.2 percent per year
	1st ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are prior to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
(b) 3% per year early retirement reduction factors for all years under normal retirement age.
(c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II Benefits

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

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

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 which 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 members terminating service are eligible for a refund of their employee contributions plus interest.

Note 8 Defined Benefit Pension Plans (Continued)

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

3. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for the employees and employers. Rates for each fiscal year ended June 30, 2016, June 30, 2017, and June 30, 2018 were:

	Employee	Employer
Basic	11.00%	11.50%
Coordinated	7.50%	7.50%

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	$ 378,728,000
Add employer contributions not related to future contribution efforts	522,000
Deduct TRA's contributions not included in allocation	(471,000)
Total employer contributions	378,779,000
Total nonemployer contributions	35,588,000
Total contributions reported in Schedule of Employer and Non-Employer Allocations	$ 414,367,000

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

Independent School District No. 100

Notes to Financial Statements (Continued)
Year Ended June 30, 2019

Note 8 Defined Benefit Pension Plans (Continued)

4. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information:

Valuation Date	July 1, 2018
Experience Study	June 5, 2015 November 6, 2017 (economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	5.12%, from the Single Equivalent Interest Rate calculation
Price Inflation	2.50%
Wage growth rate	2.85% for 10 years and 3.25%, thereafter
Projected Salary Increase	2.85 to 8.85% for 10 years and 3.25 to 9.25%, thereafter
Cost of living adjustment	2.0%

Mortality Assumption:

Pre-retirement	RP- 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of rates. Generational projection uses MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

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

Note 8 Defined Benefit Pension Plans (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	36%	5.10%
International Stocks	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	2%	0.00%
Total	100%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is 6 years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions", and "Changes in Proportion" use the amortization period of 6 years in the schedule presented. The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of 5 years as required by GASB 68.

Changes in actuarial assumptions since the 2016 valuation:

- The cost of living adjustment (COLA) was assumed to increase from 2.0 percent annual to 2.5 percent annual on July 1, 2045.
- The COLA was not assumed to increase to 2.5 percent but remain at 2.0 percent for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4 percent to 0.0 percent, the vested inactive load increased from 4.0 percent to 7.0% and the non-vested inactive load increased from 4.0 percent to 9.0 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 ten years followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

5. Discount Rate

The discount rate used to measure the total pension liability was 5.12%. This is an increase from the discount rate at the prior measurement date of 4.66%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the fiscal 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 these 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).

Independent School District No. 100

Notes to Financial Statements (Continued)
Year Ended June 30, 2019

Note 8 Defined Benefit Pension Plans (Continued)

1. Net Pension Liability

At June 30, 2019, the District reported a liability of $6,567,437 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.0329% at the end of the measurement period and 0.0321% for the beginning of the period.

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

District's proportional share of net pension liability	$	2,266,863
State's proportional share of net pension liability associated with the District	$	635,199

For the year ended June 30, 2019, the District recognized pension expense of $203,344. It also recognized $12,183 as an increase to pension expense for the support provided by direct aid.

At June 30, 2019, the District had deferred resources related to pensions form the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,646	$ 42,133
Changes in actuarial assumptions	2,602,739	$ 3,793,894
Net difference between projected and actual investment earnings on pension plan investments		182,559
Changes in proportion	669,601	
Contributions paid to TRA subsequent to the measurement date	156,084	
Total	$ 3,449,070	$ 4,018,586

Note 8 **Defined Benefit Pension Plans (Continued)**

$149,550 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Pension Expense Amount
2020	$ 258,642
2021	180,381
2022	52,736
2023	(711,191)
2024	(506,168)
Total	$ (725,600)

2. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.12 percent, as well as what the liability measured using a discount rate 1 percentage point lower (4.12 percent) or 1 percentage point higher (6.12 percent) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount Rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	$ 3,597,503	$ 2,266,863	$ 1,169,095

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

8. Pension Plan Fiduciary Net Position

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-4000; or by calling (651)296-2409 or 1-800-657-3669.

B. Public Employee Retirement Association (PERA)

1. Plan Description

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

Note 8 **Defined Benefit Pension Plans (Continued)**

2. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. General Employees Plan benefit recipients receive a future annual 1.0 percent increase. If the General Employees Plan is at least 90 percent funded for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

3. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2018; the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2019 were $63,878. The District's contribution was equal to the required contributions as set by state statute.

4. Pension Costs

At June 30, 2019, the District reported a liability of $632,425 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million to the fund in 2019.The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District's totaled $20,791. The net pension liability was measured as of June 30, 2018, 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 PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total

Note 8 Defined Benefit Pension Plans (Continued)

employer contributions received from all of PERA's participating employers. At June 30, 2018, the District's proportion was .0114%, which was an increase of 0.0002% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019 the District recognized pension expense of $36,677 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $4,848 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At June 30, 2019, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,458	$ 16,989
Changes in actuarial assumptions	55,643	70,206
Net difference between projected and actual earnings on plan investments		68,400
Changes in proportion	27,629	
Contributions made to PERA subsequent to the measurement date	63,878	
Total	$ 163,608	$ 155,595

$63,878 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Pension Expense Amount
2020	$ 23,533
2021	(18,615)
2022	(47,584)
2023	(13,199)
Total	$ (55,865)

5. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

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 1.25 percent per year for all future years.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2018:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

The State Board of Investment, which manages the investments of PERA, 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-estimates ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	2%	0.00%
Total	100%	

6. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was 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.

Note 8 **Defined Benefit Pension Plans (Continued)**

7. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability 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
Discount Rate	6.50%	7.50%	8.50%
District's proportionate share of the PERA net pension liability	$ 1,027,772	$ 632,425	$ 306,078

8. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report can be obtained at www.mnpera.org.

Note 9 **Postemployment Healthcare Plan**

Plan Description – The District administers a single-employer defined benefit OPEB plan which provides medical benefits to eligible retired employees and their dependents in accordance with the terms of the plan. The District has not established a trust fund to account for the plan and there is not a stand-alone report for the plan.

Plan membership

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	56
	56

Total Other Postemployment Benefit Liability

The District's total OPEB liability of $28,522 was measured as of June 30, 2018 and was determined by an update to the actuarial valuation dated June 30, 2017.

Independent School District No. 100

Notes to Financial Statements (Continued)
Year Ended June 30, 2019

Note 9 **Postemployment Healthcare Plan (Continued)**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.75%
Discount rate	3.62%
Healthcare trend rates	6.90% for FY2019, gradually decreasing over several decades to an ultimate rate of 4.40% in FY2075 and later years

The discount rate was determined using the index rate for 20-Year, tax-exempt municipal bonds.

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017 and other adjustments.

Change in the Total OPEB Liability

Balance at 6/30/2018	$ 24,831
Changes for the year:	
Service Cost	2,840
Interest	985
Changes of assumptions	(134)
Net change	3,691
Balance at 6/30/2019	$ 28,522

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.62 percent) or 1-percentage point higher (4.62 percent) than the current discount rate:

	1% Decrease 2.62%	Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	$ 30,836	$ 28,522	$ 26,359

Note 9 Postemployment Healthcare Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates

The following presents the total OPEB Liability of the District, as well as what the District's total OPEB liability would be if calculated using healthcare trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates:

	1% Decrease (5.9% decreasing to 3.0%)	Discount Rate (6.9% decreasing to 4.0%)	1% Increase (7.9% decreasing to 5.0%)
Total OPEB Liability	$ 25,108	$ 28,522	$ 32,565

OPEB Expense

For the year ended June 30, 2019 the District recognized OPEB expense of $3,691.

Note 10 Contingencies

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

Note 11 Risk Management

The District's property and liability premiums and reemployment claims are paid by the General Fund. The General, Food Service and Community Service Funds pay workers' compensation premiums based on salaries. There were no significant reductions in insurance coverage from coverage in prior years and insurance settlements have not exceeded insurance coverage in any of the past three years.

The District purchases commercial insurance for property and liability, transferring the risk of loss to the insurance carrier.

The District participates in a risk pool for workers' compensation insurance. The pool in turn contracts with an insurance carrier, thereby transferring the risk from the pool members to the insurance carrier. The workers' compensation policy is retrospectively rated in that the initial premium is adjusted based on the actual experience during coverage period of the group of entities that participate in the pool.

The District handles reemployment costs through a self-insurance plan. The District retains the risks associated with reemployment claims.

Required Supplementary Information

Independent School District No. 100

Information about the District's Other Postemployment Health Care Plan
Year Ended June 30, 2019

Schedule of Changes in Total OPEB Liability and Related Ratios

	2019	2018
Measurement date	June 30, 2018	June 30, 2017
Total OPEB Liability		
Service Cost	$ 2,840	$ 2,894
Interest	985	765
Changes of assumptions	(134)	(1,340)
Benefit payments		(1,604)
Net change in total OPEB liability	3,691	715
Total OPEB Liability - beginning of year, as restated	24,831	24,116
Total OPEB liability - end of year	$ 28,522	$ 24,831
Covered employee payroll	2,755,952	2,240,294
Total OPEB liability as a percentage of covered payroll	1.0%	1.1%

Notes to Schedule
Funding: There are no assets accumulated in a trust that meets the criteria of GASB No 75, paragraph 4, to pay related benefits.

*This schedule is intended to present information for the last 10 years. Additional information wil be added as it becomes available.

See Independent Auditor's Report.

Independent School District No. 100

Information about the District's Net Pension Liability
Year Ended June 30, 2019 *

Teacher's Retirement Association (TRA)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
June 30, 2019	$156,084	$156,084	$0	$2,024,431	7.71%
June 30, 2018	$149,550	$149,550	$0	$1,994,004	7.50%
June 30, 2017	$132,702	$132,702	$0	$1,769,357	7.50%
June 30, 2016	$125,327	$125,327	$0	$1,671,027	7.50%
June 30, 2015	$121,217	$121,217	$0	$1,616,225	7.50%

Public Employees Retirement Association (PERA)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
June 30, 2019	$63,878	$63,878	$0	$851,704	7.50%
June 30, 2018	$57,567	$57,567	$0	$767,561	7.50%
June 30, 2017	$54,108	$54,108	$0	$721,292	7.50%
June 30, 2016	$48,936	$48,936	$0	$652,479	7.50%
June 30, 2015	$48,834	$48,834	$0	$661,441	7.38%

* This schedule is intended to present information for the last 10 years. Additional information will be added as it becomes available.

See Independent Auditor's Report.

Independent School District No. 100

Information about the District's Net Pension Liability (Continued)

Year Ended June 30, 2019 *

Teacher's Retirement Association (TRA)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability associated with the District	Total	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2018	0.3610%	$2,266,863	$213,075	$2,479,938	$1,994,004	113.7%	78.1%
June 30, 2017	0.0329%	$6,567,437	$635,199	$7,202,636	$1,769,357	371.2%	51.6%
June 30, 2016	0.0321%	$7,656,616	$768,046	$8,424,662	$1,671,027	458.2%	44.9%
June 30, 2015	0.0318%	$1,967,145	$241,285	$2,208,430	$1,616,225	121.7%	76.8%
June 30, 2014	0.0329%	$1,622,613	$106,605	$1,729,218	$1,502,810	108.0%	81.5%

Public Employees Retirement Association (PERA)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability associated with the District	Total	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2018	0.0114%	$632,425	$20,791	$653,216	$767,561	82.4%	79.5%
June 30, 2017	0.0112%	$715,001	$9,025	$724,026	$721,292	99.1%	75.9%
June 30, 2016	0.0105%	$852,548	$11,200	$863,748	$652,479	130.7%	68.9%
June 30, 2015	0.0113%	$585,625	0	$585,625	$661,441	88.5%	78.2%
June 30, 2014	0.0122%	$573,095	0	$573,095	$642,881	89.1%	78.7%

* This schedule is intended to present information for the last 10 years. Additional information will be added as it becomes available.

See Independent Auditor's Report.

Supplementary Financial Information

Independent School District No. 100

Nonmajor Governmental Funds – Combining Balance Sheet
June 30, 2019

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Community Service Fund	
Assets			
Cash and temporary cash investments	$ 15,889	$ 85,098	$ 100,987
Current property taxes receivable		7,482	7,482
Delinquent property taxes receivable		509	509
Due from the Minnesota Department of Education		2,533	2,533
Inventory	1,332		1,332
Total assets	17,221	95,622	112,843
Liabilities			
Salaries payable	$ 13,764	$ 12,527	$ 26,291
Accounts payable			
Unearned revenue	3,457		3,457
Total liabilities	17,221	12,527	29,748
Deferred inflows of resources			
Delinquent property taxes		509	509
Property taxes levied for subsequent year's expenditures		25,518	25,518
Total deferred inflows of resources		26,027	26,027
Fund balances			
Nonspendable	1,332		1,332
Restricted		57,068	57,068
Unassigned	(1,332)		(1,332)
Total fund balances		57,068	57,068
Total liabilities, deferred inflows of resources, and fund balances	$ 17,221	$ 95,622	$ 112,843

See Independent Auditor's Report.

Independent School District No. 100

Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2019

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Community Service Fund	
Revenues			
Local property tax levies	$	$ 25,504	$ 25,504
Other local and county revenues	1,900	71,375	73,275
Revenue from state sources	12,694	41,562	54,256
Revenue from federal sources	116,187		116,187
Sales and other conversion of assets	46,785		46,785
Total revenues	177,566	138,441	316,007
Expenditures			
Current			
Community education and services		156,732	156,732
Pupil support services	203,648		203,648
Capital outlay	1,334	551	1,885
Total expenditures	204,982	157,283	362,265
Excess (deficiency) of revenues over expenditures	(27,416)	(18,842)	(46,258)
Other financing sources			
Transfers in	27,416		27,416
Net change in fund balances		(18,842)	(18,842)
Fund balances, beginning		75,910	75,910
Fund balances, ending	$	$ 57,068	$ 57,068

See Independent Auditor's Report.

Independent School District No. 100

Fiscal Compliance Table

For the Year Ended June 30, 2019

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total revenues	$ 4,623,303	$ 4,623,303	$
Total expenditures	4,657,574	4,657,574	
Non spendable			
460 Non spendable fund balance			
Restricted/Reserve			
403 Staff development	40,994	40,994	
405 Deferred maintenance			
406 Health and safety			
407 Capital Projects Levy			
408 Cooperative revenue			
411 Severance pay			
413 Project funded by COP			
414 Operating debt			
416 Levy reduction			
417 Taconite building maintenance			
423 Certain teacher programs			
424 Operating capital	2,081	2,081	
426 $25 Taconite			
427 Disabled accessibility			
428 Learning and development			
434 Area learning center			
435 Contracted alt. Programs			
436 St. approved alt. Program			
438 Gifted & talented	144	144	
441 Basic skills program			
445 Career and technical Programs			
446 First Grade Preparedness			
449 Safe schools levy	31,417	31,417	
450 Prekindergarten			
451 QZAB payments			
452 OPEB liability not in trust			
453 Unfunded sev & retirement levy			
459 Basic Skills Extended Time	7,430	7,430	
467 LTFM	(82,824)	(82,824)	
472 Medical Assistance	1,119	1,119	
Restricted			
464 Restricted fund balance			
Committed			
418 Committed for separation			
461 Committed fund balance			
Assigned			
462 Assigned fund balance	24,611	24,611	
Unassigned			
422 Unassigned fund balance	225,297	225,300	(3)
02 FOOD SERVICE			
Total revenues	177,566	177,565	1
Total expenditures	204,982	204,981	1
Non spendable			
460 Non spendable fund balance	1,332	1,332	
Restricted			
452 OPEB liability not in trust			
464 Restricted fund balance			
Unassigned			
463 Unassigned fund balance	(1,332)	(1,332)	
04 COMMUNITY SERVICE			
Total revenues	138,441	138,442	(1)
Total expenditures	157,283	157,284	(1)
Non spendable			
460 Non spendable fund balance			
Restricted/Reserve			
426 $25 taconite			
431 Community education	22,130	22,130	
432 ECFE	13	13	
444 School readiness	29,015	29,015	
447 Adult Basic Education			
452 OPEB liability not in trust			
Restricted			
464 Restricted fund balance	5,910	5,910	
Unassigned			

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total revenues	$	$	$
Total expenditures			
Non spendable			
460 Non spendable fund balance			
Restricted/Reserve			
407 Down payment levy			
409 Alternative facility program			
413 Projects funded by COP			
Restricted			
464 Restricted fund balance			
Unassigned			
463 Unassigned fund balance			
07 DEBT SERVICE			
Total revenues	325,341	325,341	
Total expenditures	335,210	335,210	
Non spendable			
460 Non spendable fund balance			
Restricted/Reserve			
425 Bond refundings			
451 QZAB payments			
Restricted			
464 Restricted fund balance	70,235	70,234	1
Unassigned			
463 Unassigned fund balance			
08 TRUST			
Total revenues	3,488	3,488	
Total expenditures	2,174	2,173	1
422 Net position	47,252	47,252	
20 INTERNAL SERVICE			
Total revenues			
Total expenditures			
422 Net position			
25 OPEB REVOCABLE TRUST FUND			
Total revenues			
Total expenditures			
422 Net position			
45 OPEB IRREVOCABLE TRUST FUND			
Total revenues			
Total expenditures			
422 Net position			
47 OPEB DEBT SERVICE FUND			
Total revenues			
Total expenditures			
Non spendable			
460 Non spendable fund balance			
Restricted			
425 Bond refundings			
464 Restricted fund balance			
Unassigned			
463 Unassigned fund balance			

See Independent Auditor's Report.

Reports Required by *Government Auditing Standards* and the State of Minnesota

WIPFLi

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with Government Auditing Standards

To the School Board
Independent School District No. 100
Wrenshall, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 100, Wrenshall, Minnesota (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency, which is described in the accompanying schedule of findings and responses as item 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

December 18, 2019
Duluth, Minnesota

WIPFLi

Independent Auditor's Report on Legal Compliance for the State of Minnesota

To the School Board
Independent School District No. 100
Wrenshall, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 100, (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2019.

The *Minnesota Legal Compliance Audit Guide for School Districts,* promulgated by the State Auditor pursuant to Minnesota Statute §6.65 contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, uniform financial accounting and reporting standards for school districts, and miscellaneous provisions. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

December 18, 2019
Duluth, Minnesota

Independent School District No. 100

Schedule of Findings and Responses
For the Year Ended June 30, 2019

Financial Statement Findings

Item 2019-001 - Financial Statement Presentation and Disclosures (Significant Deficiency)

Criteria - The District is responsible for having controls in place to prepare the financial statements in accordance with accounting principles generally accepted in the United States (GAAP).

Condition - The District's internal control over financial reporting does not end at the general ledger, but extends to the financial statements and related notes. As part of our professional services for the year ended June 30, 2019, Wipfli assisted in drafting the financial statements and related notes. While the District does have an internal control process to review the financial statements prepared by the auditors, the District does not have sufficient expertise to completely prepare its own financial statements and related notes, and relies on the auditors to provide necessary understanding of current accounting and disclosure principles in the preparation of the financial statements and related notes.

Cause - The District does not expect, nor does it require, its financial staff to have the ability to prepare GAAP statements.

Effect - The completeness of the related note disclosures and the accuracy of the overall financial presentation is negatively impacted as outside auditors do not have the same comprehensive understanding of the District and its staff. The potential exists that a misstatement of the financial statements and related notes could occur and not be prevented or detected by the District.

Recommendation - We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

DISTRICT'S CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement

   The District does not disagree with the audit finding.

2. Action Planned

   The District will continue to rely upon the auditors to prepare the financial statements and related notes. Management will review and approve the annual financial statements and related notes.

3. Official Responsible

   The Superintendent is the official responsible for ensuring corrective action for the deficiency.

4. Planned Completion Date

   Ongoing.

5. Plan to Monitor

   The School Board will monitor compliance with the corrective action plan.

Independent School District No. 100

Schedule of Findings and Responses (Continued)

For the Year Ended June 30, 2019

Minnesota Legal Compliance Findings

None

Independent School District No. 100

Schedule of Prior Year Findings and Responses

For the Year Ended June 30, 2019

Financial Statement Findings

Item 2018-001 –Financial Statement Presentation and Disclosure

Resolution: This finding was repeated for fiscal year 2019 as item 2019-001.

Minnesota Legal Compliance Findings

Item 2018-002 - 118A.04, subd. 9, requires that annually, prior to completing an initial investment transaction with each broker, the government entity shall provide to that broker a written statement of investment restrictions. The broker should acknowledge receipt of the investment restrictions and agree to handle the government entity's account in accordance with the restriction. The District did not provide the required form to two brokers used by the District during fiscal 2018.

Resolution: This finding was resolved for fiscal year 2019.

Item 2018-003 - MSA471.345, Subd. 4 requires that contracts that are estimated to exceed $25,000 but not to exceed $100,000 be let on sealed bids or negotiated quotes. If quotations are used, the quotations must be kept on file for at least one year. The District did not obtain two quotes for one contract tested during the year.

Resolution: This finding was resolved for fiscal year 2019.

Item 2018-004 - MSA 123B.52, Subd. 1 requires that contracts awarded by bidding be executed in writing and a performance bond received from the contractor. The district did not obtain a signed contract or performance bond for one contract tested during the year.

Resolution: This finding was resolved for fiscal year 2019.

Item 2018-005 - MSA 270C.66 requires that before making a final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor and by subcontractors, the District must obtain a certificate by the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements of MSA 290.92 (Form IC-134). The District did not obtain the form before making final payment to one contractor that was tested.

Resolution: This finding was resolved for fiscal year 2019.

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

$8,995,000*
GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2020A
INDEPENDENT SCHOOL DISTRICT NO. 100
(WRENSHALL PUBLIC SCHOOLS)
CARLTON COUNTY, MINNESOTA

We have acted as Bond Counsel in connection with the issuance by Independent School District No. 100 (Wrenshall Public Schools), Carlton County, Minnesota (the "District"), of its General Obligation Facilities Maintenance Bonds, Series 2020A (the "Bonds"), in the aggregate principal amount of $8,995,000*, bearing a date of original issue of April 9, 2020. The Bonds are fully registered as to principal and interest and are originally issued using a global book-entry system.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

We have examined the law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other affidavits and certificates of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based upon our examination of these materials, assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and based upon present Minnesota and federal laws, regulations, rulings and decisions, it is our opinion that:

(1) The Bonds are in due form and the proceedings show lawful authority for their issuance according to their terms under the Constitution and laws of the State of Minnesota now in force, including specifically Minnesota Statutes, Section 123B.595.

(2) The Bonds are valid and binding general obligations of the District enforceable in accordance with their terms except to the extent to which enforceability thereof may be limited by the exercise of judicial discretion in accordance with general principles of equity, by the constitutional powers of the United States of America and by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted. All of the taxable property in the District is subject to the levy of ad valorem taxes to pay the principal and interest on the Bonds, which taxes are without limitation as to rate or amount.

(3) Interest on the Bonds is not includable in gross income for federal income tax purposes or in taxable net income of individuals, estates or trusts for Minnesota income tax purposes. Interest on the Bonds is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax measured by income. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals and other taxpayers under Section 55 of the Internal Revenue Code of 1986, as amended, (the "Code") or for purposes of the Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds is not includable in adjusted current earnings of corporations in determining alternative minimum taxable income for purposes of the federal and Minnesota alternative minimum taxes applicable to corporations.

(4) The opinion set forth in Paragraph (3) above is subject to the condition that the District comply with all the requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and state income tax purposes. The District has covenanted in the resolution authorizing the issuance of the Bonds to comply with these continuing requirements. Noncompliance with these covenants by the District following the issuance of the Bonds may result in inclusion of interest on the Bonds in federal gross income and Minnesota taxable net income for federal and Minnesota income tax purposes retroactive to the date of issuance of the Bonds. Except as stated in this opinion, we express no opinion regarding federal, state or other tax consequences caused by the receipt or accrual of interest on or arising with respect to ownership of the Bonds.

(5) The Bonds have 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 Bonds by financial institutions.

DATED at Mendota Heights, Minnesota, this 9th day of April, 2020.

KNUTSON, FLYNN & DEANS
Professional Association

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
(Limited Disclosure)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 100 (Wrenshall Public Schools), State of Minnesota (the "District"), in connection with the issuance of its General Obligation Facilities Maintenance Bonds, Series 2020A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the School Board on March 16, 2020 (the "Resolution"). The District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 (the "State Payment Law" described in the Official Statement for the Bonds) which provides for payment by the State of Minnesota in the event of a potential default of a District obligation. 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 Bondholders or beneficial owners, if different, and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12. This Disclosure Certificate constitutes the written Undertaking required by the Rule and reflects the District's obligations under the provisions of paragraph (d)(2) of 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:

"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 4(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Rule" shall mean Rule 15c2-12 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 Information.

The District shall annually provide to the MSRB, in an electronic format through the use of EMMA, or shall cause the Dissemination Agent to provide its Audited Financial Statements for the most recent Fiscal Year, which is the only financial information or operating data which is customarily prepared by the District and publicly available. The Annual Financial Statements shall be submitted not later than June 30, 2021, and twelve (12) months after the end of each fiscal year during which the bonds are outstanding.

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 4. Reporting of Significant Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events, with respect to the Bonds:

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 5. 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 Bonds.

SECTION 6. 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 and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

SECTION 7. 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 8. 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 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 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 report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder 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 Bonds, 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 10. 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 attorneys 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 Bonds.

SECTION 11. 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 Bonds or the beneficial owners, if different, and shall create no rights in any other person or entity.

SECTION 12. 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. 100 (Wrenshall Public Schools)
Address:	207 Pioneer Drive Wrenshall, MN 55797
Telephone No.	(218) 384-4274

Dated as of this 9th day of April, 2020.

INDEPENDENT SCHOOL DISTRICT NO. 100
(WRENSHALL PUBLIC SCHOOLS)
WRENSHALL, MINNESOTA

By: ____
Chair

And: ____
Clerk

[Signature Page for Continuing Disclosure Certificate]

APPENDIX E

TERMS OF PROPOSAL

$8,995,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2020A INDEPENDENT SCHOOL DISTRICT NO. 100 (WRENSHALL PUBLIC SCHOOLS), MINNESOTA

Proposals for the purchase of $8,995,000* General Obligation Facilities Maintenance Bonds, Series 2020A (the "Bonds") of the Independent School District No. 100 (Wrenshall 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 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 A.M. Central Time, on March 16, 2020, at which time they will be opened, read and tabulated. The proposals will be presented to the Board of Education for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 123B.595 (long-term facilities maintenance revenue) by the District, to provide funds for facility maintenance projects included in the ten-year facility plan of the District and approved by the Commissioner of Education. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated April 9, 2020, will be issued as fully registered Bonds 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	$150,000	2028	$440,000	2035	$540,000
2022	20,000	2029	460,000	2036	555,000
2023	340,000	2030	475,000	2037	570,000
2024	375,000	2031	495,000	2038	585,000
2025	390,000	2032	505,000	2039	595,000
2026	410,000	2033	520,000	2040	615,000
2027	425,000	2034	530,000		

ADJUSTMENT OPTION

* The District reserves the right to increase or decrease the principal amount of the Bonds 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 Bonds 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 1 and August 1 of each year, commencing February 1, 2021, to the registered owners of the Bonds 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 Bonds 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 Bonds 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 Bonds, 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 Bonds. So long as Cede & Co. is the registered owner of the Bonds, 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 Bonds.

PAYING AGENT

The District has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the District, the Bonds 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 Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the District. If only part of the Bonds 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.

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 Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about April 9, 2020, the Bonds 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 Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds 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 Bonds 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 Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds 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 $8,905,050 plus accrued interest on the principal sum of $8,995,000 from date of original issue of the Bonds 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 11:00 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 $179,900 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 Bonds 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 Bonds 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 Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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 Bonds. 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 Bonds 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 Bonds 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 Bonds, 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 Bonds 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 Bonds) will apply to the initial sale of the Bonds (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 Bonds to the bidder who submits a firm offer to purchase the Bonds 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 Bonds, 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 Bonds 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 Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (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 Bonds (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 Bonds 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 Bonds, that the underwriters will neither offer nor sell unsold Bonds 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 (5^{th}) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds 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 Bonds 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, 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 Bonds 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, 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 Bonds 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, 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 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) <u>If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test</u>, the winning bidder agrees to promptly report to the District, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds 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 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds 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 Bonds 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 Bonds 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 Bonds to the public),

(iii) a purchaser of any of the Bonds 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 Bonds 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 Bonds 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. 100
(Wrenshall Public Schools), Minnesota

PROPOSAL FORM

The Board of Education **March 16, 2020**
Independent School District No. 100 (Wrenshall Public Schools), Minnesota

RE: $8,995,000* General Obligation Facilities Maintenance Bonds, Series 2020A (the "Bonds")
DATED: April 9, 2020

For all or none of the above Bonds, 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 $8,905,050) plus accrued interest to date of delivery for fully registered Bonds 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 Bonds 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 Bonds 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 $179,900 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 Bonds 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 Bonds 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 Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about April 9, 2020.

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 Bonds.

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 Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds 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 <u>not</u> met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

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 April 9, 2020 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. 100 (Wrenshall Public Schools), Minnesota, on March 16, 2020.

By: ______________________________ By: ______________________________

Title: ______________________________ Title: ______________________________