PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 9, 2020

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

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

INDEPENDENT SCHOOL DISTRICT NO. 152
(MOORHEAD AREA PUBLIC SCHOOLS), MINNESOTA
(Clay County)

(Minnesota School District Credit Enhancement Program)

$110,000,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2020A

PROPOSAL OPENING: January 21, 2020, 11:00 A.M., C.T. **CONSIDERATION**: January 21, 2020, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $110,000,000* General Obligation School Building Bonds, Series 2020A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, and a special election held November 5, 2019, by Independent School District No. 152 (Moorhead Area Public Schools), Minnesota (the "District") for the purpose of financing the acquisition and betterment of school sites and facilities in the District. 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: February 13, 2020

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2023	$480,000	2031	$2,075,000	2039	$10,290,000
2024	930,000	2032	2,175,000	2040	10,625,000
2025	990,000	2033	2,255,000	2041	10,980,000
2026	1,040,000	2034	2,330,000	2042	11,350,000
2027	1,115,000	2035	2,520,000	2043	11,970,000
2028	1,200,000	2036	2,915,000	2044	12,395,000
2029	1,250,000	2037	9,420,000		
2030	1,720,000	2038	9,975,000		

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: August 1, 2020 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: $109,120,000.

MAXIMUM PROPOSAL: $115,500,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $2,200,000 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.

TABLE OF CONTENTS

MOORHEAD AREA PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
Scott Steffes	Chairperson	January 2022
Cassidy Bjorklund	Vice Chairperson	January 2022
Melissa Burgard	Treasurer	January 2022
Matt Valan	Clerk	January 2022
Kara Gloe	Member	January 2024
Rachel Stone	Member	January 2024
Keith Vogt	Member	January 2024

ADMINISTRATION

Brandon Lunak, Superintendent of Schools

Kristin Dehmer, Executive Director of HR and Operations

Denice Sinner, 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. 152 (Moorhead Area Public Schools), Minnesota (the "District") and the issuance of its $110,000,000* General Obligation School Building 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 January 21, 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 February 13, 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 August 1, 2020, 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 2023 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 by the District pursuant to Minnesota Statutes, Chapter 475, and a special election held November 5, 2019, at which voters approved a building program by a vote of 5,458 - 1,754. Proceeds of the Bonds will be used to provide funds for the acquisition and betterment of school sites and facilities, including the demolition of parts of the existing high school, renovation of parts of the high school, the construction and equipping of additions to the high school, and the remodeling and renovation of the District's Career Academy.

ESTIMATED SOURCES AND USES*

Sources			
	Par Amount of Bonds	$110,000,000	
	Reoffering Premium	2,087,107	
	Total Sources		**$112,087,107**
Uses			
	Total Underwriter's Discount (0.800%)	$880,000	
	Costs of Issuance	306,139	
	Deposit to Capitalized Interest (CIF) Fund	2,220,000	
	Deposit to Project Construction Fund	108,680,968	
	Total Uses		**$112,087,107**

*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 Moody’s Investors Service ("Moody’s"). Moody’s has a policy which assigns a minimum rating of "Aa2" to issuers participating in the MNCEP. The "Aa2" rating is based on the State of Minnesota’s current "Aa1" rating from Moody’s. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS" for further details.

The District currently has a "Aa3" underlying rating from Moody's and will be requesting an underlying rating on this issue. 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 November 25, 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.

Prior continuing disclosure undertakings entered into by the District included language stating that an Annual Report including the District’s audited financial statements and operating data would be filed “as soon as available.” Although the District did not always comply with this requirement, the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Except to the extent that the preceding is deemed to be material, the District believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

An opinion as to the validity of the 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.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the 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.

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 Eide Bailly LLP, Fargo, North Dakota, 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.

VALUATIONS

OVERVIEW

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

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

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

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

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

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

3 Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2018/19 Economic Market Value $4,295,015,133[1]

	2018/19 Assessor's Estimated Market Value	2018/19 Net Tax Capacity
Real Estate	$3,953,480,400	$ 42,384,754
Personal Property	21,291,900	413,548
Total Valuation	$3,974,772,300	$ 42,798,302
Less: Captured Tax Increment Tax Capacity[2]		(968,257)
Power Line Adjustment[3]		(8,303)
Taxable Net Tax Capacity		$ 41,821,742

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for Independent School District No. 152 (Moorhead Area Public Schools) is about 93.62% 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 $4,295,015,133.

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

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

2018/19 NET TAX CAPACITY BY CLASSIFICATION

	2018/19 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$19,675,394	45.97%
Agricultural	3,991,571	9.33%
Commercial/industrial	10,322,526	24.12%
Public utility	47,834	0.11%
Non-homestead residential	8,335,047	19.48%
Commercial & residential seasonal/rec.	12,382	0.03%
Personal property	413,548	0.97%
Total	$42,798,302	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	$3,303,187,000	$3,036,346,900	$34,261,976	$33,365,552	+ 8.79%
2015/16	3,590,576,900	3,343,646,900	37,631,254	36,713,267	+ 8.70%
2016/17	3,765,309,700	3,529,665,800	40,078,056	39,098,282	+ 4.87%
2017/18	3,852,597,300	3,622,150,400	41,211,766	40,191,199	+ 2.32%
2018/19	3,974,772,300	3,744,812,100	42,798,302	41,821,742	+ 3.17%

1 Net Tax Capacity includes tax increment and power line values.

2 Taxable Net Tax Capacity does not include tax increment or power line values.

LARGER TAXPAYERS

Taxpayer	Type of Property	2018/19 Net Tax Capacity	Percent of District's Total Net Tax Capacity
American Crystal Sugar Company	Commercial/Agricultural	$487,977	1.14%
Proffutt Ltd. Partnership	Commercial/Residential/Ag.	434,549	1.02%
Busch Agri Resources, Inc.	Commercial/Agricultural	388,975	0.91%
Sanford Medical Center Fargo	Commercial	283,804	0.66%
Menard, Inc.	Commercial	265,526	0.62%
Meridian Mortgage, LLC	Residential	235,750	0.55%
Skaff Apartments	Residential	231,196	0.54%
Burlington Northern Railroad	Railroad	230,572	0.54%
Kassenborg Partners, LLC	Commercial/Residential	227,768	0.53%
Walmart Real Estate Business	Commercial	192,450	0.45%
Total		$2,978,567	6.96%

District's Total 2018/19 Net Tax Capacity $42,798,302

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total g.o. debt secured by tax abatement revenues	$ 1,490,000
Total g.o. debt secured by taxes and state aids[2] (includes the Bonds)*	198,790,000
Total General Obligation Debt	$200,280,000

Lease Purchase Obligations (see schedule following)[3]

Total lease purchase obligations paid by annual appropriations[4]	$13,533,239

*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. Although the District expects to receive some Long Term Facilities Maintenance Aid in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aid.
Some Districts will also receive aid for debt service payments through the state School Building Bond Agricultural

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

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

3 Computers and copiers have not been included, however, information related to these leases can be reviewed in the audit.

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

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 4.4% of total annual debt service levies, based on the District's 2018/19 qualifying agricultural land valuation. The District's $2,870,000 Taxable OPEB Refunding Bonds, Series 2019B, do **not** qualify for the ag credit pursuant to Minnesota Statutes.

Pursuant to Minnesota Statutes, Section 273.1398, Subdivision 4, certain cities on the Minnesota State border are eligible to receive a state-paid property tax credit that reduces property taxes for business properties and certain apartment properties. The Cities of Moorhead and Dilworth are both eligible for this credit. As a result, the tax rates for business and certain apartment properties are capped, and additional levies, such as those for District voter approved bond issues, are paid by State Border Cities Disparity Aid payments, instead of property tax payments. Although the District receives disparity aid payments, Ehlers has not attempted to estimate the portion of debt service levies that would be financed by state aid.

Independent School District No. 152 (Moorhead Area Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Abatement Revenues
(As of 02/13/2020)

	Tax Abatement Bonds Series 2019A							
Dated	06/27/2019							
Amount	$1,490,000							
Maturity	02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2021	95,000	35,063	95,000	35,063	130,063	1,395,000	6.38%	**2021**
2022	95,000	33,638	95,000	33,638	128,638	1,300,000	12.75%	**2022**
2023	95,000	32,213	95,000	32,213	127,213	1,205,000	19.13%	**2023**
2024	100,000	30,788	100,000	30,788	130,788	1,105,000	25.84%	**2024**
2025	100,000	29,188	100,000	29,188	129,188	1,005,000	32.55%	**2025**
2026	100,000	27,588	100,000	27,588	127,588	905,000	39.26%	**2026**
2027	105,000	25,838	105,000	25,838	130,838	800,000	46.31%	**2027**
2028	105,000	24,000	105,000	24,000	129,000	695,000	53.36%	**2028**
2029	110,000	20,850	110,000	20,850	130,850	585,000	60.74%	**2029**
2030	110,000	17,550	110,000	17,550	127,550	475,000	68.12%	**2030**
2031	115,000	14,250	115,000	14,250	129,250	360,000	75.84%	**2031**
2032	115,000	10,800	115,000	10,800	125,800	245,000	83.56%	**2032**
2033	120,000	7,350	120,000	7,350	127,350	125,000	91.61%	**2033**
2034	125,000	3,750	125,000	3,750	128,750	0	100.00%	**2034**
	1,490,000	312,863	1,490,000	312,863	1,802,863			

Independent School District No. 152 (Moorhead Area Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 02/13/2020)

	School Building Refunding Bonds Series 2014A		School Building Bonds Series 2016A		Taxable OPEB Refunding Bonds 1) Series 2019B		School Building Bonds Series 2020A							
Dated	02/05/2014		02/17/2016		06/27/2019		02/13/2020							
Amount	$30,785,000		$74,560,000		$2,870,000		$110,000,000*							
Maturity	04/01		02/01		02/01		02/01							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2020	4,065,000	297,775	0	0	0	0	0	0	4,065,000	297,775	4,362,775	194,725,000	2.04%	2020
2021	4,270,000	392,300	0	2,428,850	705,000	30,278	0	3,698,648	4,975,000	6,550,075	11,525,075	189,750,000	4.55%	2021
2022	4,470,000	178,800	0	2,428,850	720,000	15,120	0	3,826,188	5,190,000	6,448,958	11,638,958	184,560,000	7.16%	2022
2023			4,245,000	2,428,850			480,000	3,826,188	4,725,000	6,255,038	10,980,038	179,835,000	9.54%	2023
2024			4,415,000	2,259,050			930,000	3,802,188	5,345,000	6,061,238	11,406,238	174,490,000	12.22%	2024
2025			4,590,000	2,082,450			990,000	3,755,688	5,580,000	5,838,138	11,418,138	168,910,000	15.03%	2025
2026			4,730,000	1,944,750			1,040,000	3,706,188	5,770,000	5,650,938	11,420,938	163,140,000	17.93%	2026
2027			4,870,000	1,802,850			1,115,000	3,654,188	5,985,000	5,457,038	11,442,038	157,155,000	20.94%	2027
2028			5,015,000	1,656,750			1,200,000	3,598,438	6,215,000	5,255,188	11,470,188	150,940,000	24.07%	2028
2029			5,170,000	1,506,300			1,250,000	3,538,438	6,420,000	5,044,738	11,464,738	144,520,000	27.30%	2029
2030			5,375,000	1,299,500			1,720,000	3,475,938	7,095,000	4,775,438	11,870,438	137,425,000	30.87%	2030
2031			5,590,000	1,084,500			2,075,000	3,389,938	7,665,000	4,474,438	12,139,438	129,760,000	34.73%	2031
2032			5,755,000	916,800			2,175,000	3,306,938	7,930,000	4,223,738	12,153,738	121,830,000	38.71%	2032
2033			5,930,000	744,150			2,255,000	3,219,938	8,185,000	3,964,088	12,149,088	113,645,000	42.83%	2033
2034			6,105,000	566,250			2,330,000	3,152,288	8,435,000	3,718,538	12,153,538	105,210,000	47.07%	2034
2035			6,290,000	383,100			2,520,000	3,082,388	8,810,000	3,465,488	12,275,488	96,400,000	51.51%	2035
2036			6,480,000	194,400			2,915,000	3,006,788	9,395,000	3,201,188	12,596,188	87,005,000	56.23%	2036
2037							9,420,000	2,919,338	9,420,000	2,919,338	12,339,338	77,585,000	60.97%	2037
2038							9,975,000	2,622,608	9,975,000	2,622,608	12,597,608	67,610,000	65.99%	2038
2039							10,290,000	2,308,395	10,290,000	2,308,395	12,598,395	57,320,000	71.17%	2039
2040							10,625,000	1,973,970	10,625,000	1,973,970	12,598,970	46,695,000	76.51%	2040
2041							10,980,000	1,623,345	10,980,000	1,623,345	12,603,345	35,715,000	82.03%	2041
2042							11,350,000	1,250,025	11,350,000	1,250,025	12,600,025	24,365,000	87.74%	2042
2043							11,970,000	852,775	11,970,000	852,775	12,822,775	12,395,000	93.76%	2043
2044							12,395,000	433,825	12,395,000	433,825	12,828,825	0	100.00%	2044
	12,805,000	868,875	74,560,000	23,727,400	1,425,000	45,398	110,000,000	70,024,640	198,790,000	94,666,313	293,456,313			

* Preliminary, subject to change.

1) This issue is not subject to the debt limit.

Independent School District No. 152 (Moorhead Area Public Schools), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 02/13/2020)

	Lease Purchase 1) 2011		Lease Purchase 2014		Lease Purchase 2015		Lease Purchase 2017		Certificates of Participation Series 2019C							
Dated Amount	11/15/2011 $601,565		04/24/2014 $4,870,590		05/28/2015 $3,410,000		01/04/2017 $4,200,000		09/12/2019 $4,165,000							
Maturity	05/15 & 11/15		08/01 Final Maturity 02/01		08/01 Final Maturity 02/01		08/01 Final Maturity 02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2020	20,356	6,800	0	0	0	0	0	0	0	0	20,356	6,800	27,156	13,512,883	.15%	**2020**
2021	41,992	12,321	307,563	109,803	213,932	56,021	123,715	107,592	220,000	115,903	907,202	401,639	1,308,841	12,605,681	6.85%	**2021**
2022	43,757	10,556	318,485	98,881	219,097	50,856	127,326	103,981	230,000	107,103	938,665	371,376	1,310,041	11,667,016	13.79%	**2022**
2023	45,596	8,717	329,794	87,572	224,387	45,566	131,042	100,264	235,000	97,903	965,820	340,021	1,305,841	10,701,195	20.93%	**2023**
2024	47,513	6,800	341,505	75,861	229,805	40,148	134,867	96,439	245,000	88,503	998,691	307,751	1,306,441	9,702,505	28.31%	**2024**
2025	49,511	4,803	353,632	63,734	235,353	34,600	138,804	92,502	255,000	78,703	1,032,300	274,342	1,306,642	8,670,205	35.93%	**2025**
2026	51,592	2,722	366,189	51,177	241,036	28,918	142,856	88,450	265,000	68,503	1,066,673	239,769	1,306,442	7,603,532	43.82%	**2026**
2027	26,604	553	379,193	38,174	246,855	23,098	147,026	84,280	275,000	57,903	1,074,677	204,008	1,278,685	6,528,855	51.76%	**2027**
2028			392,658	24,709	252,815	17,138	151,318	79,989	290,000	46,903	1,086,790	168,738	1,255,528	5,442,064	59.79%	**2028**
2029			406,601	10,765	258,919	11,034	155,735	75,572	295,000	41,103	1,116,255	138,474	1,254,728	4,325,810	68.04%	**2029**
2030					265,171	4,783	160,280	71,026	300,000	35,203	725,451	111,011	836,462	3,600,359	73.40%	**2030**
2031							164,959	66,347	305,000	28,753	469,959	95,100	565,059	3,130,400	76.87%	**2031**
2032							169,774	61,532	315,000	22,195	484,774	83,727	568,501	2,645,626	80.45%	**2032**
2033							174,730	56,576	320,000	14,950	494,730	71,526	566,256	2,150,896	84.11%	**2033**
2034							179,830	51,476	330,000	7,590	509,830	59,066	568,896	1,641,066	87.87%	**2034**
2035							185,079	46,227			185,079	46,227	231,306	1,455,986	89.24%	**2035**
2036							190,482	40,824			190,482	40,824	231,306	1,265,504	90.65%	**2036**
2037							196,042	35,264			196,042	35,264	231,306	1,069,462	92.10%	**2037**
2038							201,765	29,542			201,765	29,542	231,306	867,698	93.59%	**2038**
2039							207,654	23,652			207,654	23,652	231,306	660,043	95.12%	**2039**
2040							213,715	17,591			213,715	17,591	231,306	446,328	96.70%	**2040**
2041							219,954	11,352			219,954	11,352	231,306	226,374	98.33%	**2041**
2042							226,374	4,932			226,374	4,932	231,306	0	100.00%	**2042**
	326,921	53,272	3,195,619	560,676	2,387,371	312,161	3,743,328	1,345,411	3,880,000	811,213	13,533,239	3,082,732	16,615,971			

1) This issue is not subject to the debt limit.

BONDED DEBT LIMIT[1]

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

2018/19 Economic Market Value	$4,065,590,812
Multiply by 15%	0.15
Statutory Debt Limit	$ 609,838,622
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes[2]	(197,365,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations (applies to issues in excess of $1,000,000 originally issued after 6/1/97 which do not have revenues pledged)	(13,206,318)
Unused Debt Limit	$ 399,267,304

[1] Does not include the $1,490,000 General Obligation Tax Abatement Bonds, Series 2019A, as they are not subject to the debt limit calculation ($1,490,000 principal outstanding).

[2] Does not include the District's $2,870,000 Taxable OPEB Refunding Bonds, Series 2019B Bonds, as they are not subject to the debt limit calculation ($1,425,000 principal outstanding).

OVERLAPPING DEBT[1]

Taxing District	2018/19 Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
Clay County	$ 67,464,265	61.9910%	$58,035,000	$ 35,976,477
City of Dilworth	4,014,075	40.2904%	14,650,000	5,902,544
City of Moorhead	33,931,280	100.0000%	157,085,000	157,085,000
City of Sabin	428,669	100.0000%	545,000	545,000
District's Share of Total Overlapping Debt				$199,509,020

DEBT PAYMENT HISTORY

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

1 Overlapping debt is as of the dated date of the Certificates. 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 ($4,295,015,133)	Debt/ Current Population Estimate (46,743)
Direct G.O. Debt Secured By:			
Tax Abatement Revenues	$ 1,490,000		
Taxes and State Aids[1]*	198,790,000		
Total General Obligation Debt* (includes the Bonds)	$200,280,000		
Less: State Agricultural Credit	(8,772,060)		
Tax Supported General Obligation Debt*	$191,507,940	4.46%	$4,097.04
District's Share of Total Overlapping Debt	$199,509,020	4.65%	$4,268.21
Total	$391,016,960	9.10%	$8,365.25

*Preliminary, subject to change.

FUTURE FINANCING

The District anticipates issuing General Obligation Tax Abatement Bonds, in an amount less than $3,000,000, to finance the construction and improvement of parking lots 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.

1 Based on current State law and statistics, the State of Minnesota is estimated to pay approximately 4.4% 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 $8,772,060. Does not include the District's $2,870,000 Taxable OPEB Refunding Bonds, Series 2019B Bonds ($1,425,000 principal outstanding), as they do **not** qualify for the ag credit pursuant to Minnesota Statutes.

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	$11,589,746	$11,485,821	$11,584,294	99.95%
2015/16	15,086,647	14,950,394	15,062,483	99.84%
2016/17	15,487,125	15,335,388	15,441,480	99.71%
2017/18	16,408,832	16,147,881	16,147,881	98.41%
2018/19	16,387,659	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. 152 (Moorhead Area Public Schools)	26.223%	34.097%	30.439%	31.741%	30.220%
Clay County	45.138%	45.173%	46.477%	47.883%	48.858%
City of Moorhead	39.631%	39.543%	40.235%	42.226%	43.477%
Town of Sabin[5]	65.692%	63.409%	58.215%	53.449%	45.178%
Referendum Market Value Rates:					
I.S.D. No. 152 (Moorhead Area Public Schools)	0.16997%	0.16985%	0.18107%	0.18401%	0.17882%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Clay 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, 2018.

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 1,077, including 473 non-licensed employees and 604 licensed employees (563 of whom are teachers). The District provides education for 7,051 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
Superintendent	June 30, 2021
Administrators	June 30, 2020
Principals	June 30, 2020
Supervisors	June 30, 2020
Confidential Secretaries	June 30, 2020
Non-Aligned	June 30, 2020
Teachers	June 30, 2019
Administrative Assistants	June 30, 2020
Custodians	June 30, 2020
Paraprofessionals	June 30, 2020
Technicians, COTAs, Interpreters	June 30, 2020
Bus Drivers/Assistants	June 30, 2020
Food Service	June 30, 2021

Status of Contracts

The contract which expired June 30, 2019, is in the negotiation process.

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 Nos. 74 and 75 (GASB 74/75). The District 's most recent actuarial report shows a total OPEB liability of $6,693,154 as of June 30, 2019. In February of 2009, the District issued $10,300,000 in OPEB Bonds to fund an irrevocable trust. As of June 30, 2019, the net position of the trust was $4,462,025. Future OPEB costs will be paid partially from the trust and partially from operating funds.

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	570	2,948	2,699	6,217
2016/17	491	3,157	2,841	6,489
2017/18	539	3,199	2,856	6,594
2018/19	561	3,303	2,969	6,833
2019/20	574	3,397	3,080	7,051

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2020/21	587	3,492	3,223	7,302
2021/22	600	3,568	3,376	7,544
2022/23	600	3,529	3,465	7,594

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Ellen Hopkins Elementary	1958	1989, 1990, 1993, 2017
Probstfield Elementary	1965	1970, 1993, 2004, 2014
Robert Asp Elementary	1958	1992, 1993, 1999, 2014, 2017
SG Reinertsen Elementary	2004	2012, 2015, 2017
Horizon Middle School	2005	2017
Moorhead High School	1966	1993, 1999, 2004
Dodds Elementary	2017	--
Vista Center for Education	2008	--
Operation Center	1973	--
Career Academy Building	2014	--

FUNDS ON HAND (as of June 30, 2019)

Fund	Total Cash and Investments
General	$22,596,749
Food Service	1,065,808
Community Service	1,456,746
Debt Service	2,238,309
Building/Construction	4,802,792
Trust & Agency	10,329
Internal Service	3,689,845
Total Funds on Hand	$35,860,578

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 Certificates or otherwise questioning the validity of the Certificates.

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

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District's 2019 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30 2016 Audited	2017 Audited	2018 Audited	2019 Audited	2019-20 Adopted Budget[1]
Revenues					
Local property taxes	$ 7,078,894	$ 7,653,211	$ 8,254,029	$ 9,541,340	$ 9,197,500
Other local and county revenues	939,374	911,675	2,036,812	2,699,671	1,422,317
Revenues from state sources	59,521,661	67,142,931	66,125,609	73,581,030	75,911,996
Revenues from federal sources	3,326,878	3,638,691	3,322,702	3,410,644	3,770,874
Miscellaneous	55,664	50,346	27,489	8,324	950,000
Total Revenues	$ 70,922,471	$ 79,396,854	$ 79,766,641	$ 89,241,009	$ 91,252,687
Expenditures					
Current					
Administration	$ 2,893,723	$ 3,070,992	$ 3,385,895	$ 3,838,477	$ 4,128,063
District support services	1,458,584	1,501,070	1,511,817	1,597,557	1,682,597
Elementary & secondary regular instruction	28,717,492	32,624,069	33,525,884	38,384,440	38,762,982
Vocational education instruction	674,022	667,976	700,329	704,784	678,278
Special education instruction	16,269,040	17,827,344	18,766,408	20,182,734	21,927,850
Instructional support services	3,716,268	4,016,282	4,867,314	4,556,623	4,204,470
Pupil support services	6,243,570	6,372,994	6,759,175	7,186,465	7,482,770
Sites and buildings	10,611,804	15,138,108	8,796,035	10,767,960	24,087,516
Fiscal and other fixed cost programs	171,216	198,020	163,087	193,128	0
Total Expenditures	$ 70,755,719	$ 81,416,855	$ 78,475,944	$ 87,412,168	$102,954,526
Excess of revenues over (under) expenditures	$ 166,752	$ (2,020,001)	$ 1,290,697	$ 1,828,841	$(11,701,839)
Other Financing Sources (Uses)					
Capital lease proceeds	$ 2,390,189	$ 4,354,142	$ 0	$ 0	
Sale of property and equipment	4,829	0	0	82,648	
Total Other Financing Sources (Uses)	$ 2,395,018	$ 4,354,142	$ 0	$ 82,648	
Net Change in Fund Balances	$ 2,561,770	$ 2,334,141	$1,290,697	$ 1,911,489	
General Fund Balance July 1	14,284,513	16,846,283	19,180,424	20,471,121	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	$ 16,846,283	$ 19,180,424	$ 20,471,121	$ 22,382,610	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$ 85,913	$ 60,603	$ 97,686	$ 701,560	
Restricted	1,072,895	1,128,175	907,583	2,609,172	
Committed	1,200,000	1,200,000	1,200,000	1,200,000	
Assigned	3,500,000	3,500,000	3,500,000	3,000,000	
Unassigned	10,987,475	13,291,646	14,765,852	14,871,878	
Total	$ 16,846,283	$ 19,180,424	$ 20,471,121	$ 22,382,610	

[1] The 2019-20 budget was adopted on June 10, 2019. The budget includes $11 million in non-recurring expenditures for renovations and improvements to a building. However, approximately $1.7 million of the planned expenditures were actually paid in fiscal year 2018-19, and the district plans to pay another $3.5 million of the expenses from its construction fund. In addition, the District expects that general fund revenues will be higher than the budgeted amount by $1.5 million to $2 million due to increases in enrollment. With those changes, the District expects that the total general fund balance at the end of fiscal year 2019-20 will be approximately $17 million to $18 million. District administration is preparing a revised budget that will be presented to the Board on January 28, 2020.

GENERAL INFORMATION

LOCATION

The District, with a 2010 U.S. Census population of 43,089, and a current population estimate of 46,743, and comprising an area of 203 square miles, is located approximately 230 miles northwest of the Minneapolis-St. Paul metropolitan area, adjacent to the City of Fargo, North Dakota. The City of Moorhead is the county seat of Clay County.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 152 (Moorhead Area Public Schools)	Elementary and secondary education	1,077
Minnesota State University- Moorhead	Public university	700
Concordia College	Private university	700
City of Moorhead	Municipal government and services	634 [2]
Clay County	County government and services	569
Creative Care for Reaching Independence	Disability support services	500
Eventide Senior Living Communities[3]	Assisted living and nursing care facilities	486
American Crystal Sugar Company	Sugar refiners manufacturers	400
Walmart Supercenter	Discount retail store	240
Hornbacher’s	Grocers-retail	205

Source: *ReferenceUSA, written and telephone survey (April 2019), 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.

2 350 of these employees are temporary/seasonal workers.

3 Also known as Linden Tree Circle

U.S. CENSUS DATA

Population Trend: Independent School District No. 152 (Moorhead Area Public Schools), Minnesota

2000 U.S. Census population	36,603
2010 U.S. Census population	43,089
2018 Population Estimate	46,743
Percent of Change 2000 - 2010	+ 17.72%

Income and Age Statistics

	Moorhead Area Public School District	Clay County	State of Minnesota	United States
2018 per capita income	$28,176	$28,122	$36,245	$33,831
2018 median household income	$62,464	$65,000	$68,411	$60,293
2018 median family income	$79,839	$79,041	$86,204	$73,965
2018 median gross rent	$839	$818	$944	$1,023
2018 median value owner occupied units	$185,700	$183,300	$211,800	$204,900
2018 median age	30.6 yrs.	32.5 yrs.	37.9 yrs.	37.9 yrs.

	State of Minnesota	United States
District % of 2018 per capita income	77.74%	83.28%
District % of 2018 median family income	92.62%	107.94%

Source: *2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).*

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	Clay County	Clay County	State of Minnesota
2015	34,440	3.1%	3.7%
2016	34,487	3.4%	3.9%
2017	34,535	3.2%	3.4%
2018	34,766	2.9%	2.9%
2019, November	36,084	2.2%	2.9%

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

APPENDIX A

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the 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.

Financial Statements
June 30, 2019

Independent School District No. 152
Moorhead Area Public Schools

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The School Board of
Independent School District No. 152
Moorhead Area Public Schools
Moorhead, 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. 152, Moorhead Area Public Schools, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinion
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 of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's net OPEB liability and related ratios, schedule of employer's share of net pension liability and schedule of employer's contributions, and schedule of changes in supplemental benefits liability as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The School Board and Administration list, combining and individual fund schedules, and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund schedules, uniform accounting and reporting compliance table, schedule of changes of the student activity cash balances, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The School Board and administration list has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated November 26, 2019, on our consideration of the District's compliance with aspects of the provisions of the Minnesota Legal Compliance Audit Guide for School Districts. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with the Office of the State Auditor's Minnesota Legal Compliance Audit Guide for School Districts in considering the District's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.

Eide Bailly LLP

Fargo, North Dakota
November 26, 2019

This section of Independent School District No. 152 – Moorhead Area Public Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

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

General Fund 01 – The overall revenues were $89,241,009, expenditures were $87,412,168, and other financing sources were $82,648, increasing the fund balance by $1,828,841.

Food Service Fund 02 – The revenues were $3,392,380, and the expenditures were $3,539,250, decreasing the fund balance by $146,870.

Community Service Fund 04 – The revenues were $2,251,573, while the expenditures were $2,033,179, increasing the fund balance by $218,394.

Building Construction Fund 06 – The revenues were $93,046, expenditures were $2,214,155, and other financing sources were $1,524,491, decreasing fund balance by $596,618.

Debt Service Fund 07 – The revenues were $7,001,959, while expenditures were $8,539,558, decreasing fund balance by $1,537,599.

OPEB Debt Service Fund 47 – The revenues were $1,363,253, expenditures were $1,502,428, and other financing sources were $2,870,000, increasing the fund balance by $2,730,825.

Overview of the Financial Statements

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, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statement the District's activities are shown in one category:

Governmental Activities – All of the District's basic services are included here, such as regular and special education, transportation, administration, food service, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds—focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using revenues (e.g., federal grants).

The District has three kinds of funds:

Governmental Funds – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or differences) between them.

Proprietary Fund – The District has a self-insured health plan designed as an internal service fund. The fund is used to record the premiums received, and claims paid related to the participants employed by the District's governmental funds.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only by those to whom the assets belong.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was $18,082,038 as of June 30, 2019.

Statement of Net Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets	$ 63,314,911	$ 60,218,062
Capital assets	158,703,842	157,372,705
Total assets	222,018,753	217,590,767
Deferred Outflows of Resources	61,691,146	74,004,647
Liabilities		
Other liabilities	9,942,289	11,101,513
Long-term liabilities	162,066,291	246,215,506
Total liabilities	172,008,580	257,317,019
Deferred Inflows of Resources	93,619,281	38,622,912
Net Position (Deficit)		
Net investment in capital assets	49,743,763	51,145,862
Restricted for specific purposes	12,361,475	8,948,880
Unrestricted	(44,023,200)	(64,439,259)
Total net position (deficit)	$ 18,082,038	$ (4,344,517)

Independent School District No. 152
Moorhead Area Public Schools
Management's Discussion and Analysis
Year Ended June 30, 2019

Statement of Revenues, Expenses and Changes in Net Position
June 30, 2019 and 2018

	2019	2018
Revenues		
Program revenues		
Charges for service	$ 10,325,360	$ 8,773,177
Operating grants and contributions	5,780,088	5,910,093
General		
Property taxes	16,930,300	15,682,124
Aids and payments from state and other	76,097,468	68,627,918
Miscellaneous revenues	2,196,633	1,817,521
Total revenues	111,329,849	100,810,833
Expenses		
Administration	3,838,477	3,385,895
District support services	1,597,557	1,511,817
Regular instruction	24,098,616	51,126,085
Vocational instruction	704,784	700,329
Special education instruction	20,164,953	18,730,170
Community education and services	2,036,156	1,891,530
Instructional support services	4,667,327	4,970,456
Pupil support services	10,885,726	9,947,484
Sites and buildings	10,724,863	9,150,320
Fiscal and other fixed-cost programs	3,771,532	3,750,953
Health self-insurance	6,413,303	5,048,819
Total expenses	88,903,294	110,213,858
Changes in Net Position (Deficit)	22,426,555	(9,403,025)
Net Position (Deficit) - Beginning	(4,344,517)	5,058,508
Net Position (Deficit) - Ending	$ 18,082,038	$ (4,344,517)

Changes in Net Position (Deficit) – The District's total revenues were approximately $111.33 million for the year ended June 30, 2019. Property taxes and state formula aid accounted for 84% of total revenue for the year. Another 16% came from other program revenue and miscellaneous revenues.

The total cost of all programs and services was approximately $88.90 million. The District's expenses are predominantly related to educating and caring for students. The purely administrative activities of the District accounted for just 4% of total costs.

The total revenues exceeded expenses, increasing the net position by $22,426,555 for fiscal year 2019.

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12, including pupil transportation activities, buildings and grounds, and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Year Ended June 30, 2019	Year Ended June 30, 2018	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local property taxes	$ 9,541,340	$ 8,254,029	$ 1,287,311	15.6%
Other local sources	2,699,671	2,036,812	662,859	32.5%
State sources	73,581,030	66,125,609	7,455,421	11.3%
Federal sources	3,410,644	3,322,702	87,942	2.6%
Miscellaneous	8,324	27,489	(19,165)	-69.7%
Total General Fund revenues	$ 89,241,009	$ 79,766,641	$ 9,474,368	11.9%

Total General Fund revenue increased by $9,474,368 or 11.9% from the previous year. Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change on revenue. State sources also increased from the TRA/PERA Special Funding revenue related to GASB 68.

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30, 2019	Year Ended June 30, 2018	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries and benefits	$ 65,433,457	$ 61,107,042	$ 4,326,415	7.1%
Purchased services	10,316,252	9,730,277	585,975	6.0%
Supplies and materials	3,060,507	3,128,326	(67,819)	-2.2%
Capital expenditures	5,409,967	3,829,208	1,580,759	41.3%
Other expenditures	3,191,985	681,091	2,510,894	368.7%
Total General Fund expenditures	$ 87,412,168	$ 78,475,944	$ 8,936,224	11.4%

Total General Fund expenditures increased by $8,936,224 or 11.4% from the previous year. The overall increase in salary and benefits related to additional teachers hired as a result of the growth of the district along with salary increases for existing staff. The district had a large increase in capital expenditures due to an increase in contractor expenses related to new construction on the Operation Center. The other expenditures increase resulting from the TRA/PERA Special Funding expense related to GASB 68.

General Fund Budgetary Highlights

The District's general fund results when compared to the final budget are:

- Actual revenues were $5,650,986 *greater than* budget. This included the Revenue/Expenditure neutral budget difference for the pension amount of $2,673,886 in the State source line. After backing this out, the actual revenue increase was $3,059,748, which resulted primarily from an increase in Special Education and General Education state aid.

- Actual expenditures were $783,286 *greater than* budget. This included the Revenue/Expenditure neutral budget difference for the pension amount of $2,673,886. After backing this amount out, actual expenditures were less than budget by $1,890,600.

Building Construction Fund

The Building Construction Fund revenues were $93,046 and expenditures were $2,214,155. Other financing sources totaled $1,524,491. Fund balance decreased by $596,618 as expenditures exceeded revenues and other financing sources. The decrease is a result of paying for the construction that was completed.

Debt Service Fund

The Debt Service Fund revenues were $7,001,959, and expenditures were $8,539,558, thereby decreasing fund balance $1,537,599 as expenditures exceeded revenues. The decrease is a result of not collecting for the interest portion of the payment that was due on August 1, 2019. The District will recapture this amount on the Pay Levy FY 20.

Other Non-Major Funds

The Food Service Fund incurred an decrease in the fund balance of $146,870. The decrease is a result of higher costs associated with more student meals served. The Community Service Fund incurred an increase in the fund balance of $218,394. The increase is a result of the increase in the census. The OPEB Debt Service fund incurred current year revenues and other financing sources in excess of expenditures of $2,730,825, increasing fund balance. The increase is a result of refunding a bond during 2019.

Capital Assets and Debt Administration

Capital Assets

By the end of 2019, the District had invested approximately $202.31 million in a broad range of capital assets, including school buildings, athletic facilities, school vehicles, and computer and audio-visual equipment. Total depreciation expense for the year was $3,910,685. Note 4 presents the detail of the District's capital assets.

Capital Assets Governmental Activities
June 30, 2019 and 2018

	2019	2018
Land	$ 1,499,572	$ 1,499,572
Construction in progress	1,875,866	40,048,491
Buildings	189,965,509	147,303,231
Improvements	4,351,024	4,258,822
Vehicles	2,177,965	2,230,540
Equipment	2,437,705	2,031,663
Accumulated Depreciation	(43,603,799)	(39,999,614)
Total capital assets	$ 158,703,842	$ 157,372,705

Long-Term Debt

At year end the District had $109,454,648 of long term debt consisting of bonded indebtedness of $98,664,480, capital lease payable of $10,295,599, and vacation payable of $494,569. Note 7 presents the detail of the District's long-term debt.

The District has $49,703,462 in net pension liability at June 30, 2019. See Note 8 for further information.

The District has $2,231,129 in net OPEB liability and $677,052 in pension-related benefits liability at June 30, 2019. See Note 5 and 6 for further information.

Factors Bearing on the District's Future

Minnesota school districts are paid based on pupil units served. Increases in enrollment this year over last year has given us increased revenue for operations. We are anticipating the school district's enrollment to increase over the next couple of years.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers 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 any questions about this report or would like additional information, contact Denice Sinner, Director of Business Services, at the District offices at 2410 14th Street South, Moorhead, MN 56560.

Independent School District No. 152
Moorhead Area Public Schools
Statement of Net Position
June 30, 2019

Assets	
Cash and investments	$ 31,762,493
Restricted cash and cash equivalents	7,567,793
Receivables	
Current property taxes	11,967,069
Delinquent property taxes	347,403
Due from other governmental units	10,928,809
Prepaid items	730,635
Inventory	10,709
	63,314,911
Capital assets	
Non-depreciable	
Land	1,499,572
Construction in progress	1,875,866
Depreciable	
Buildings	189,965,509
Improvements	4,351,024
Vehicles	2,177,965
Equipment	2,437,705
Less accumulated depreciation	(43,603,799)
Total capital assets, net of depreciation	158,703,842
Total assets	222,018,753
Deferred Outflows of Resources	
Other postemployment benefit plan	172,819
Supplemental pension plan	117,101
Pension plans	61,401,226
Total deferred outflows of resources	61,691,146
Liabilities	
Accounts payable	1,499,795
Salaries payable	6,558,144
Accrued interest payable	274,515
Unearned revenue	1,086,387
Claims incurred but not reported	523,448
Long-term liabilities	
Due within one year - bonds, premiums, capital leases, and vacation payable	10,322,898
Due in more than one year - bonds, premiums, capital leases, and vacation payable	99,131,750
Due in more than one year - pension-related retirement benefits	677,052
Due in more than one year - net OPEB liabillity	2,231,129
Due in more than one year - net pension liability	49,703,462
Total liabilities	172,008,580
Deferred Inflows of Resources	
Unavailable revenue-property taxes	18,437,169
Other postemployment benefits plan	1,932,211
Supplemental pension plan	4,109
Pension plans	73,245,792
Total deferred inflows of resources	93,619,281
Net Position (Deficit)	
Net investment in capital assets	49,743,763
Restricted for specific purposes	12,361,475
Unrestricted	(44,023,200)
Total net position	$ 18,082,038

The Notes to Financial Statements are an integral part of this statement.

Independent School District No. 152
Moorhead Area Public Schools
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Administration	$ 3,838,477	$ -	$ -	$ (3,838,477)
District support services	1,597,557	-	-	(1,597,557)
Regular instruction	24,098,616	624,868	1,709,945	(21,763,803)
Vocational instruction	704,784	-	-	(704,784)
Special education instruction	20,164,953	1,038,988	1,700,699	(17,425,266)
Community education and services	2,036,156	502,555	132,676	(1,400,925)
Instructional support services	4,667,327	-	-	(4,667,327)
Pupil support services	10,885,726	1,204,037	2,143,722	(7,537,967)
Sites and buildings	10,724,863	78,223	-	(10,646,640)
Fiscal and other fixed-cost programs	3,771,532	-	-	(3,771,532)
Health self-insurance	6,413,303	6,876,689	93,046	556,432
Total governmental activities	$ 88,903,294	$ 10,325,360	$ 5,780,088	(72,797,846)
General Revenues				
Property taxes, levied for general purposes				11,002,197
Property taxes, levied for community education and services				400,871
Property taxes, levied for debt service				5,527,232
Aids and payments from the state				75,963,125
County apportionment				134,343
Loss on disposal of property and equipment				90,972
Miscellaneous revenues				2,105,661
Total general revenues				95,224,401
Changes in Net Position				22,426,555
Net Deficit - Beginning				(4,344,517)
Net Position - Ending				$ 18,082,038

The Notes to Financial Statements are an integral part of this statement.

Governmental Funds
Balance Sheet
June 30, 2019

	General	Building Construction	Debt Service	Other Governmental Funds	Totals
Assets					
Cash and investments	$ 22,596,750	$ -	$ 2,238,310	$ 3,237,588	$ 28,072,648
Restricted cash and cash equivalents	-	4,802,793	-	2,765,000	7,567,793
Receivables					
Current property taxes	5,885,018	-	4,759,534	1,322,517	11,967,069
Delinquent property taxes	186,330	-	127,453	33,620	347,403
Due from other governmental units	10,403,393	-	147,472	377,944	10,928,809
Prepaid items	701,560	-	-	29,075	730,635
Inventories	-	-	-	10,709	10,709
Total assets	$ 39,773,051	$ 4,802,793	$ 7,272,769	$ 7,776,453	$ 59,625,066
Liabilities					
Accounts payable	$ 1,448,891	$ 26,928	$ -	$ 23,976	$ 1,499,795
Salaries payable	6,341,115	-	-	217,029	6,558,144
Unearned revenue	189,197	-	-	93,994	283,191
Total liabilities	7,979,203	26,928	-	334,999	8,341,130
Deferred Inflows of Resources					
Unavailable revenue-property taxes	9,411,238	-	7,212,916	2,049,497	18,673,651
Fund Balance					
Nonspendable	701,560	-	-	39,784	741,344
Restricted	2,609,172	4,775,865	59,853	5,352,173	12,797,063
Committed	1,200,000	-	-	-	1,200,000
Assigned	3,000,000	-	-	-	3,000,000
Unassigned	14,871,878	-	-	-	14,871,878
Total fund balance	22,382,610	4,775,865	59,853	5,391,957	32,610,285
Total liabilities, deferred inflows of resources, and fund balance	$ 39,773,051	$ 4,802,793	$ 7,272,769	$ 7,776,453	$ 59,625,066

The Notes to Financial Statements are an integral part of this statement.

Total Fund Balances - Governmental Funds	$ 32,610,285
Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	158,703,842
Accrued interest payable for long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(274,515)
Delinquent property taxes are not considered available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	236,482
Vacation payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.	(494,569)
Deferred outflows and inflows of resources related to pensions and OPEB plans are applicable to future periods and, therefore, are not reported in the funds.	(13,490,966)
Internal service funds are used by the District to charge the costs of the self-insured health insurance plan. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	2,363,201
Long-term liabilities, including bonds payable, net pension liability, and capital lease payable, pension-related retirement benefits, other post-employment benefits, and pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(161,571,722)
Total Net Position - Governmental Activities	$ 18,082,038

The Notes to Financial Statements are an integral part of this statement.

Independent School District No. 152
Moorhead Area Public Schools
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2019

	General	Building Construction	Debt Service	Other Governmental Funds	Totals
Revenues					
Local property tax levies	$ 9,541,340	$ -	$ 5,527,232	$ 1,528,542	$ 16,597,114
Other local and county sources	2,699,671	93,046	-	660,021	3,452,738
State sources	73,581,030	-	1,474,727	1,409,251	76,465,008
Federal sources	3,410,644	-	-	1,969,773	5,380,417
Sales and other conversion of assets	-	-	-	1,204,037	1,204,037
Miscellaneous	8,324	-	-	235,582	243,906
Total revenues	89,241,009	93,046	7,001,959	7,007,206	103,343,220
Expenditures					
Administration	3,838,477	-	-	-	3,838,477
District support services	1,597,557	-	-	-	1,597,557
Regular instruction	38,384,440	-	-	-	38,384,440
Vocational instruction	704,784	-	-	-	704,784
Special education instruction	20,182,734	-	-	-	20,182,734
Community education and service	-	-	-	2,033,179	2,033,179
Instructional support services	4,556,623	-	-	-	4,556,623
Pupil support services	7,186,465	-	-	3,539,250	10,725,715
Sites and buildings	10,767,960	2,214,155	-	-	12,982,115
Fiscal and other fixed cost programs	193,128	-	8,539,558	1,502,428	10,235,114
Total expenditures	87,412,168	2,214,155	8,539,558	7,074,857	105,240,738
Excess (Deficiency) of Revenues over (under) Expenditures	1,828,841	(2,121,109)	(1,537,599)	(67,651)	(1,897,518)
Other Financing Sources					
Sale of property and equipment	82,648	-	-	-	82,648
Bond proceeds	-	1,524,491	-	2,870,000	4,394,491
Total other financing sources	82,648	1,524,491	-	2,870,000	4,477,139
Net Change in Fund Balance	1,911,489	(596,618)	(1,537,599)	2,802,349	2,579,621
Fund Balance, Beginning of Year	20,471,121	5,372,483	1,597,452	2,589,608	30,030,664
Fund Balance, End of Year	$ 22,382,610	$ 4,775,865	$ 59,853	$ 5,391,957	$ 32,610,285

The Notes to Financial Statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds	$ 2,579,621
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and net disposals in the current period.	
Cost of capital assets	5,241,822
Less depreciation expense	(3,910,685)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	97,604
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	(69,126)
In the statement of activities OPEB and Supplemental Benefit liabilities are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	126,856
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.	14,367,019
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principle of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,530,058
Internal service funds are used by the District to charge the costs of the self-insured health insurance pool. The net revenue of the internal service fund is reported in governmental activities.	463,386
Change in Net Position of Governmental Activities	$ 22,426,555

The Notes to Financial Statements are an integral part of this statement.

Independent School District No. 152
Moorhead Area Public Schools
General Funds
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local property tax levies	$ 9,207,721	$ 8,994,338	$ 9,541,340	$ 547,002
Other local and county sources	2,065,145	2,385,968	2,699,671	313,703
State sources	69,894,549	69,109,315	73,581,030	4,471,715
Federal sources	2,929,535	3,100,402	3,410,644	310,242
Miscellaneous	200	-	8,324	8,324
Total revenues	84,097,150	83,590,023	89,241,009	5,650,986
Expenditures				
Administration	3,955,718	4,064,698	3,838,477	226,221
District support services	1,529,162	1,538,402	1,597,557	(59,155)
Regular instruction	37,376,661	37,224,316	38,384,440	(1,160,124)
Vocational instruction	637,859	471,316	704,784	(233,468)
Special education instruction	18,935,970	20,942,850	20,182,734	760,116
Instructional support services	4,095,420	4,532,787	4,556,623	(23,836)
Pupil support services	7,144,580	7,494,070	7,186,465	307,605
Sites and buildings	11,747,197	10,165,977	10,767,960	(601,983)
Fiscal and other fixed cost programs	194,466	194,466	193,128	1,338
Total expenditures	85,617,033	86,628,882	87,412,168	(783,286)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,519,883)	(3,038,859)	1,828,841	4,867,700
Other Financing Sources				
Sale of property and equipment	-	-	82,648	82,648
Net Change in Fund Balance	$ (1,519,883)	$ (3,038,859)	1,911,489	$ 4,950,348
Fund Balance, Beginning of Year			20,471,121	
Fund Balance, End of Year			$ 22,382,610	

The Notes to Financial Statements are an integral part of this statement.

Proprietary Fund
Statement of Net Position
June 30, 2019

	Governmental Activities - Internal Service Fund
Assets	
Cash and investments	$ 3,689,845
Liabilities and Net Position	
Liabilities	
Claims incurred but not reported	523,448
Unearned revenue	803,196
Total liabilities	1,326,644
Net position	
Unrestricted	$ 2,363,201

The Notes to Financial Statements are an integral part of this statement.

	Governmental Activities - Internal Service Fund
Revenues	
Health revenue	$ 6,876,689
Expenses	
Health claims	5,911,485
Admin fees	501,818
Total expenses	6,413,303
Change in Net Position	463,386
Net Position, Beginning of Year	1,899,815
Net Position, End of Year	$ 2,363,201

The Notes to Financial Statements are an integral part of this statement.

Independent School District No. 152
Moorhead Area Public Schools
Proprietary Fund
Statement of Cash Flows
Year Ended June 30, 2019

	Governmental Activities - Internal Service Fund
Operating Activities	
Receipts from participants	$ 6,876,689
Payments for insurance claims and administration	(6,540,087)
Net cash from operating activities	336,602
Cash and Investments, July 1	3,353,243
Cash and Investments, June 30	$ 3,689,845
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 463,386
Adjustments to reconcile operating income to net cash from operating activities	
Changes in assets and liabilities	
Claims incurred but not reported	(47,826)
Unearned revenue	(78,958)
Net cash from operating activities	$ 336,602

The Notes to Financial Statements are an integral part of this statement.

Fiduciary Fund
Statement of Net Position
June 30, 2019

	Agency	Trust Funds
Assets		
Cash and investments	$ 335,765	$ 4,472,355
Liabilities and Net Position		
Liabilities		
Due to other organizations	335,765	-
Net position		
Unrestricted	$ -	$ 4,472,355

The Notes to Financial Statements are an integral part of this statement.

	Trust Funds
Additions	
Interest	$ 338,178
Scholarships	5
Total additions	338,183
Deductions	
OPEB health insurance	522,904
Net Change in Net Position	(184,721)
Net Position, Beginning of Year	4,657,076
Net Position, End of Year	$ 4,472,355

The Notes to Financial Statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

A. Organization

Independent School District No. 152, Moorhead Area Public Schools, Moorhead, Minnesota (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial burden or benefit with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, the District's School Board has elected not to control or be otherwise financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are included in these financial statements as an agency fund.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are reported in the Statement of Fiduciary Net Position at the fund financial statement level. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust, private-purpose trust, and agency. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

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:

Revenue Recognition – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes. Federal revenue is recorded in the year in which the related expenditure is made. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Recording of Expenditures – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, severance and healthcare benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are included within the applicable functional areas.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is receipts from participants. Operating expenses for the internal service fund includes payments for insurance claims and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education. Each fund is accounted for as an independent entity. A description of the funds included in this report are as follows:

Major Governmental Funds

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, and health and safety projects.

Building Construction Fund – The building construction fund is used to account for construction projects within the District.

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

Nonmajor Governmental Funds

Food Service Fund – The food service fund is used to account for food service revenues and expenditures.

Community Service Fund – The community service fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, extended day programs, or other similar services.

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

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Proprietary Fund

Internal Service Fund – The Internal Service Fund is used to account for the activities of the District's self-insured health plan.

Fiduciary Funds

Scholarship Trust Fund – The scholarship fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the donor-imposed restrictions.

OPEB Trust Fund – The Other Post-Employment Benefit (OPEB) trust fund is used to account for the accumulation of resources to be used for the District's portion of the premium cost for providing health insurance to the District's retired employees.

Agency Fund – The agency fund is used to account for the extracurricular student activities, not under board control. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

With respect to proprietary activities, the District has adopted GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

Amounts reported as program revenues include the following: amounts received from those who purchase, use, or directly benefit from a program; amounts received from parties outside the District that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific program. Revenues that do not meet the previous criteria are reported as general revenues.

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are charges to participants for health insurance plans. Operating expenses for proprietary funds include the cost of health insurance and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Other Significant Accounting Policies

Budgeting

An operating budget is adopted by July 1 of each fiscal year for all governmental funds on the same modified accrual basis used to reflect actual revenues and expenditures. The superintendent is authorized to transfer budget amounts within line items; however, supplemental appropriations that amend total appropriations of any fund require a board resolution. Reported budgeted amounts are as originally adopted or as amended by board resolution. Unencumbered appropriations lapse at year-end.

Cash and Investments

Cash balances for all district funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the fund's average monthly cash and investments balance. Funds that incur a deficit balance in pooled cash and investments during the year are charged interest.

Deposits and investments consist of certificates of deposit and monies deposited with the Minnesota School District Liquid Asset Fund (MSDLAF) and are stated at market.

Restricted Cash and Cash Equivalents

The capital lease proceeds are used to fund expenses related to ongoing construction projects in the Building Construction Fund. These funds will be held as restricted cash until they are used for the completion of the construction projects.

Receivables

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. The remaining portion of the taxes collectible in 2016 is recorded as deferred inflows of resources (property taxes levied for subsequent years).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county general remits taxes to the District at periodic intervals as they are collected. A portion of the property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the financial statements.

Taxes which 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 deferred in the fund 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.

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historic cost is not available. Donated assets are recorded as capital assets at their estimated fair market 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 recorded in the government-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. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 50 years.

Capital assets not being depreciated include land and construction in progress.

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.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures and expensed when incurred.

Vacation Payable

The District compensates substantially all full-time noncertified employees for unused vacation upon termination; however, no employee is allowed to accumulate more than a one-year vacation allowance. The expenditure for vacation pay is recognized when payment is made. As of June 30, 2019, this amount did not exceed a normal year's accumulation.

Unearned Revenue

The District receives donations from several organizations and the amount that is not spent in the fiscal year is reported as unearned revenue. The donations will be spent in the subsequent fiscal year for miscellaneous projects throughout the District.

Pensions

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result 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.

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.

Deferred Outflows and 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 future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. It is the contributions made to pension plans after the measurement date and prior to the fiscal year-end, and changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four types of items that qualify for reporting in this category. The District reports unavailable revenues from property taxes on the government-wide statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other three items are changes in the total other postemployment benefits liability, supplemental pension plan, and net pension liability reported in the government-wide statement of net position.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measure the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal year 2019.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Balance

The following classifications describe the relative strength of spending constraints:

- Nonspendable fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.

- Restricted fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the School Board and that remain binding unless removed by the School Board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number. A majority vote of the School Board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board.

- Assigned fund balance amounts are comprised of unrestricted funds constrained by the school District's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school district's intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number. A School Board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the following: Superintendent and Assistant Superintendent. Assignments so made shall be reported to the School Board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the School Board.

- Unassigned fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

The first priority is to utilize the balance as restricted fund balance. Committed funds will be considered second with assigned fund balance third when expenditures is incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used like assigned or unassigned.

The School Board will endeavor to maintain a minimum unassigned General Fund balance of at least 25% of the district's General Fund operating budget. When the unassigned General Fund balance is projected to decrease below 17% of the General Fund budget, the district shall initiate one or more measures listed in the fund balance policy to ensure that the year-end General Fund unassigned balance for the budget year in question does not fall below 17%.

Note 2 - Deposits and Investments

Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the District's School Board. All such depositories are members of the Federal Reserve System.

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

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

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% 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.

At June 30, 2019, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

Investments

Credit Risk – Investments

Minnesota Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record.

Custodial Credit Risk – Investments

The investment in the Minnesota School District Liquid Asset Fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

Interest Rate Risk – Investments

The District does not have a formal policy that limits investment maturities.

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 asset. Level 1 inputs are quote prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2019:

- Equities of $4,974,123 and fixed income investments of $10,806 are valued using quoted market prices (Level 1 inputs)

The following table presents the District's deposit and investment balances at June 30, 2019:

		Investment Maturities (in Years)	
Type	Fair Value	N/A	< 1
Cash and cash equivalents			
Minnesota School District Liquid Asset Fund	$ 37,484,991	$ 37,484,991	$ -
Deposits	1,668,486	1,668,486	-
Investments			
Fixed income	10,806	-	10,806
Equities	4,974,123	4,974,123	-
	$ 44,138,406	$ 44,127,600	$ 10,806

Cash and investments are included on the basic financial statements as follows:

Cash and Investments - Statement of Net Position	$ 31,762,493
Restricted Cash and Cash Equivalents - Statement of Net Position	7,567,793
Cash and Investments - Statement of Fiduciary Net Position	4,808,120
	$ 44,138,406

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool's shares.

Note 3 - Due from Other Governmental Units

Amounts receivable from other governments as of June 30, 2019, include:

Fund	Federal	State	Total
Major funds			
General	$ 1,756,879	$ 8,623,555	$ 10,403,393
Debt service	-	147,472	147,472
Non-major funds	246,987	130,957	377,944
	$ 2,003,866	$ 8,901,984	$ 10,928,809

Note 4 - 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	$ 1,499,572	$ -	$ -	$ 1,499,572
Construction in progress	40,048,491	3,966,623	(42,139,248)	1,875,866
Total capital assets, not being depreciated	41,548,063	3,966,623	(42,139,248)	3,375,438
Capital assets being depreciated				
Buildings	147,303,231	42,662,278	-	189,965,509
Improvements	4,258,822	92,202	-	4,351,024
Vehicles	2,230,540	264,445	(317,020)	2,177,965
Equipment	2,031,663	441,765	(35,723)	2,437,705
Total capital assets being depreciated	155,824,256	43,460,690	(352,743)	198,932,203
Less accumulated depreciation for				
Buildings	36,146,932	3,297,463	-	39,444,395
Improvements	1,632,453	215,246	-	1,847,699
Vehicles	1,444,740	186,287	(270,777)	1,360,250
Equipment	775,489	211,689	(35,723)	951,455
Total accumulated depreciation	39,999,614	3,910,685	(306,500)	43,603,799
Net capital assets, depreciated	115,824,642	39,550,005	(46,243)	155,328,404
Total capital assets, net	$ 157,372,705	$ 43,516,628	$ (42,185,491)	$ 158,703,842

Depreciation expense for the year ended June 30, 2019 was charged to the following functions/programs:

Regular instruction	$ 1,506,180
Community education	252,977
Instructional support	610,704
Pupil support services	660,010
Sites and buildings	880,814
Total depreciation expense	$ 3,910,685

Construction in progress is for construction to the Operations Center. This project is anticipated to be completed over the course of fiscal year 2020.

Note 5 - Other Postemployment Benefits

A. Plan Description

All employees are allowed upon meeting the eligibility requirements under Minn. Stat. 471.61 subd, 2b, to participate in the District's health insurance plan after retirement. This plan covers active and retired employees. Benefit provisions are established through negotiations between the District and the union representing District employees and are renegotiated at the end of each contract period. Contract groups receive other post-retirement benefits as follows:

Administrators – For retirees reaching age 55, the District will pay the full premium of a $100,000 life insurance policy until age 65. The percentage paid by the District reduces to 80% at age 61, 60% at age 62 and 40% at age 63.

Principals – For retirees reaching age 55 with 8 years of service and hired on or before July 1, 2000 (10 years of service by July 1, 2010) and who retire before July 1, 2015, the District will pay $9,300 per year with the excess toward HSA/VEBA deductibles, if applicable, for 7 years or until Medicare eligibility, whichever is earlier. For retirees reaching age 55 with 10 years of service, the District will pay the full life insurance premium of a $100,000 policy until age 65. The percentage paid by the District reduces to 80% at age 61, 60% at age 62, and 40% at age 63.

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Teachers – For retirees reaching age 55 with 10 years of service and hired before July 1, 2010 and retired before July 1, 2011, the District will pay the full premium for the $10 copay medical insurance plan until Medicare eligibility. For retirees reaching age 55 with 10 years of service and hired before July 1, 2010 and retired before July 1, 2012, the District will pay the full premium for the $500 deductible medical insurance plan until Medicare eligibility. For retirees reaching age 55 with 10 years of service and hired before July 1, 2010 and retired before July 1, 2015, the District will pay $653 per month with the excess toward HSA/VEBA deductible, if applicable, until Medicare eligibility. For retirees reaching age 55 with 10 years of service and hired before July 1, 2010 and retired on or after July 1, 2015, the District will pay $750 per month with the excess towards HSA/VEBA deductible, if applicable, until Medicare eligibility. For retirees reaching age 55 with 3 years of service, the District will pay the full premium for a $25,000 life insurance policy until age 65.

Supervisors – For retirees reaching age 55 with 10 years of service and hired on or before July 1, 2001 (9 years of service by July 1, 2010), and who retire before July 1, 2013, the District will pay the full premium for the $10 copay medical insurance plan for 7 years or until Medicare eligibility, whichever is earlier. For retirees reaching age 55 with 10 years of service and hired on or before July 1, 2001 (9 years of service by July 1, 2010), and who retire on or after July 1, 2013, the District will pay $9,300 per month with the excess toward HSA/VEBA deductible, if applicable, for 7 years or until Medicare eligibility, whichever is earlier. For retirees reaching age 55 with 10 years of service, the District will pay 100% of the premium of a $100,000 life insurance policy until the age of 65. The percentage paid by the District reduces to 80% at age 61, 60% at age 62, and 40% at age 63.

The retiree health plan does not issue a publicly available financial report.

B. Benefits Provided

The plan provides medical, dental, and life insurance benefits provided to terminated or retired employees and their dependents and beneficiaries. Benefits are provided through a third-party insurer, and the cost of the benefits covered by the plan are described above.

C. Employees Covered by Benefit Terms

At the valuation date of July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	65
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	878
	943

E. Net OPEB Liability

The District's net OPEB liability of $2,231,129 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

F. Actuarial Assumptions and Other Inputs

The net OPEB liability as of the June 30, 2019, measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent	
Salary increases	3.00 percent	
Investment rate of return	4.30 percent, net of OPEB plan investment expense,	
Healthcare cost trend rates	6.50 percent for 2018 grading to 5.00% over 6 years Subsidized benefits at retirement (i. e. $750 per month or $9,300 per year) for future retirees are assumed to increase at half of the medical trend rates.	
Retiree plan participation	Future retirees electing coverage:	
	-Pre-65 subsidy available	100%
	-Pre-65 subsidy not available	20%
Percent of married retirees electing spouse coverage	10%	

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

The actuarial assumptions used in the June 30, 2019 measurement were based on the results of an actuarial experience study as of July 1, 2018.

The following changes in actuarial assumptions and plan provisions occurred since the prior valuation:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The expected long-term investment return was changed from 5.20% to 4.30%
- The discount rate was changed from 3.80% to 3.30%.
- The new Superintendent does not have a subsidized post-employment benefit.

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Domestic equity	33%	3.90%
Fixed income	50%	3.80%
International equity	17%	6.80%
	100%	

G. Discount Rate

The discount rate used to measure the net OPEB liability was 3.30 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

H. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	$ 8,107,175	$ 4,648,385	$ 3,458,790
Changes from the Prior Year:			
Service Cost	275,059	-	275,059
Interest Cost	308,682	-	308,682
Assumption changes	201,623	-	201,623
Plan Changes	(22,247)	-	(22,247)
Employer Contributions	-	-	-
Projected Investment Return	-	199,881	(199,881)
Differences between Expected and actual Experience	(1,654,234)	139,960	(1,794,194)
Benefit Payments	(522,904)	(522,904)	-
Administrative Expenses	-	(3,297)	3,297
Total Net Changes	(1,414,021)	(186,360)	(1,227,661)
Balances at June 30, 2019	$ 6,693,154	$ 4,462,025	$ 2,231,129

I. Sensitivity of the Net OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	2.30%	3.30%	4.30%
Net OPEB Liability	$ 2,569,003	$ 2,231,129	$ 1,896,738

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Medical trend rate	5.50% decreasing to 4% over 6 years	6.50% decreasing to 5% over 6 years	7.50% decreasing to 6% over 6 year.
Net OPEB Liability	$ 2,796,123	$ 2,231,129	$ 4,219,164

J. OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in a separately issued OPEB financial report.

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

For the year ended June 30, 2019, the District recognized OPEB expense of $(11,891). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability gains	$ -	$ 1,417,914
Change in assumptions	172,819	161,034
Difference between projected and actual investment earnings	-	353,263
	$ 172,819	$ 1,932,211

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

Years Ended June 30,	Pension Expense Amount
2020	$ (376,801)
2021	(376,799)
2022	(314,996)
2023	(275,765)
2024	(207,516)
Thereafter	(207,515)

Note 6 - Pension-Related Retirement Benefits

A. Plan Description

The District provides a defined contribution severance benefit to certain eligible employees and report them following the guidance of GASB Statement No. 73. All of the severance benefits are based on contractual agreements with employee groups. Contract groups receive other severance benefits as follows:

Supervisors – For retirees reaching age 55 with 10 years of service hired before July 1, 1996, the District will pay a percentage of the highest annual salary of the last 5 years at the following rates:

With 15 years of service	75%
With 13-14 years of service	60%
With 12 years of service	50%
With 11 years of service	40%
With 10 years of service	30%
With 9 years of service	20%

The benefit is payable in one lump sum to a 403(b).

Secretarial & Clerical Employees and Custodians – For retirees reaching age 55 with 10 years of service hired before July 1, 2000, the District will pay a percentage of the highest annual salary of the last 5 years at the following rates:

With 15 years of service	60%
With 14 years of service	50%
With 13 years of service	40%
With 12 years of service	30%
With 11 years of service	20%
With 10 years of service	10%

The benefit is payable in one lump sum to a 403(b).

Paraprofessionals and TCI Employees – For retirees reaching age 55 with 10 years of service hired before July 1, 2002, the District will pay a percentage of the highest annual salary of the last 5 years at the following rates:

With 15 years of service	60%
With 14 years of service	50%
With 13 years of service	40%
With 12 years of service	30%
With 11 years of service	20%
With 10 years of service	10%

The benefit is payable in one lump sum to a 403(b).

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Teachers – For retirees reaching age 55 with 8 years of service hired before September 1, 1999, the District will pay a percentage of the calculation 100 days less the number of sick leave days used in the last 2 years of employment at the following rates:

With 26+ years of service	121%
With 21-25 years of service	114%
With 16-20 years of service	107%
With 15 years of service	100%
With 14 years of service	93%
With 13 years of service	86%
With 12 years of service	79%
With 11 years of service	72%
With 10 years of service	65%
With 9 years of service	58%
With 8 years of service	50%

The benefit is payable in one lump sum to a 403(b).

B. Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	34
	34

C. Pension-Related Benefits Liability

The District's pension-related retirement benefits liability was measured as of June 30, 2019.

D. Actuarial Assumptions

The pension-related benefits liability as of the June 30, 2019, measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent
Discount Rate	3.10 percent
20-Year Municipal Bond Yield	3.10 percent

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

The actuarial assumptions used in the June 30, 2019 measurement were based on the results of an actuarial experience study as of July 1, 2017.

The following changes in assumptions occurred since the previous valuation:

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The discount rate was changed from 3.50% to 3.10%

E. Discount Rate

The discount rate used to measure the pension-related benefits liability was 3.30%. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

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F. Changes in the Pension-Related Benefits Liability

Service cost	$ 23,623
Interest cost	20,634
Assumption changes	4,637
Differences between expected and actual experience	171,016
Pension-related benefits cost	219,910
Benefit payments	(215,718)
Change in pension-related benefits obligation	4,192
Pension-related benefits liability, beginning of year	672,860
Pension-related benefits liability, end of year	$ 677,052

G. Sensitivity of the Pension-Related Benefits Liability to Changes in Discount Rate

The following presents the pension-related benefits liability of the District, as well as what the District's supplemental benefits liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	2.10%	3.10%	4.10%
Pension-Related Benefits Liability	$ 690,161	$ 677,052	$ 663,376

H. Pension Expense and Deferred Outflows and Inflows of Resources Related to Total Supplemental Pension Liability

For the year ended June 30, 2019, the District recognized pension expense of $100,753. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to supplemental pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability losses	$ 114,010	$ -
Change in assumptions	3,091	4,109
Total	$ 117,101	$ 4,109

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

Years Ended June 30,	Pension Expense Amount
2020	$ 56,496
2021	56,496
2022	-
2023	-
2023	-

Note 7 - Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Bonds payable	$ 95,285,000	$ 4,360,000	$ 5,155,000	$ 94,490,000	$ 8,275,000
Unamortized premium on bond issuance	5,110,857	-	936,377	4,174,480	936,377
Capital lease	10,941,843	-	646,244	10,295,599	666,409
Vacation payable	425,443	642,381	573,255	494,569	445,112
	$ 111,763,143	$ 5,002,381	$ 7,310,876	$ 109,454,648	$ 10,322,898

Following is a summary of bonds payable as of June 30, 2019:

Bond Description	Final	Interest Rate	Original Principal	Outstanding Balance
General Obligation Tax Abatement Bonds, Series 2019A	2/34	1.50% - 3.00%	$ 1,490,000	$ 1,490,000
General Obligation School Building Bonds, Series 2016A	2/36	3.00% - 4.00%	74,560,000	74,560,000
General Obligation School Building Refunding Bonds, Series 2014A	4/22	3.00% - 5.00%	30,785,000	12,805,000
General Obligation School Taxable OPEB Bonds, Series 2009A	7/19	4.00% - 5.00%	10,300,000	2,765,000
General Obligation School Taxable OPEB Bonds, Series 2019B	2/22	2.10% - 2.30%	2,870,000	2,870,000
				$ 94,490,000

During 2019, the District issued $1,490,000 in General Obligation Tax Abatement Bonds, Series 2019A. The bonds call for semiannual interest payments with rates of 1.50 – 3.00% commencing in 2020 and annual principal payments commencing in 2021, with final maturity in 2034.

On June 27, 2019, the District issued $2,870,000 in OPEB Refunding Bonds, Series 2019B. The bonds call for semiannual interest payments with rates of 2.10 – 2.30% commencing in 2020, with final maturity in 2022. The refunding resulted in an economic gain of $44,476. The bond refunding payment of $2,765,000 to pay off the 2009A General Obligation Taxable OPEB Bonds was not made until July 2019. This amount is included in restricted cash within the OPEB debt service fund at year-end.

Bond principal and interest payments for the School Building Refunding Bonds of 2014 and 2016 and General Obligation Tax Abatement Bonds of 2019 are made by the debt service fund. Bond principal and interest payments for the General Obligation Taxable OPEB Refunding Bonds, Series 2019B are made by the OPEB debt service fund.

Following is a summary of capital lease payable as of June 30, 2019:

Lease Description	Final	Interest Rate	Original Principal	Outstanding Balance
Kinetic Capital Lease - S.G. Reinersen Elementary Addition	11/26	4.16%	$ 601,565	$ 346,862
Construction Capital Lease - Robert Asp Addtion, Probsfield Elementary Addition, Addition, and High School Track	2/29	3.52%	4,870,590	3,492,636
KleinBank Construction Lease - S.G. Reinersen Elementary Second Addition	2/30	2.40%	3,410,000	2,592,568
Bell Bank Vista Capital Lease for ABE & RRALC	2/42	2.90%	4,200,000	3,863,533
				$ 10,295,599

Capital lease principal and interest payments are made by the general fund. The outstanding capital leases contain provisions that in the event of default, the underlying assets will be repossessed.

Total cost of the completed capital leased assets as of June 30, 2019 was $16,856,372 and had $1,348,941 in accumulated depreciation. The capital lease payments are made from the general fund.

Remaining principal and interest payments on long-term debt are as follows:

Years Ending June 30,	Bonds Payable		Capital Lease Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 8,275,000	$ 3,082,998	$ 666,409	$ 306,531	$ 8,941,409	$ 3,389,529
2021	5,070,000	2,886,491	687,202	285,738	5,757,202	3,172,229
2022	5,285,000	2,656,408	708,665	264,275	5,993,665	2,920,683
2023	4,340,000	2,461,063	730,820	242,119	5,070,820	2,703,182
2024	4,515,000	2,289,838	753,691	219,249	5,268,691	2,509,087
2025 - 2029	24,895,000	9,120,563	3,996,695	732,218	28,891,695	9,852,781
2030 - 2034	29,340,000	4,664,900	1,111,052	311,740	30,451,052	4,976,640
2035 - 2039	12,770,000	577,500	981,022	175,509	13,751,022	753,009
2040 - 2042	-	-	660,043	33,875	660,043	33,875
	$ 94,490,000	$ 27,739,761	$ 10,295,599	$ 2,571,254	$ 104,785,599	$ 30,311,015

Vacation payable consists of vested vacation as discussed in Note 1. These expenses are paid out of the general fund.

Note 8 - Defined Benefit Pension Plans

Substantially all employees of the District are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Public Employees' Retirement Association (PERA) or the Teachers' Retirement Association (TRA), all of which are administered on a state-wide basis. Disclosures relating to these plans are as follows:

Public Employees Retirement Association (PERA)

A. Plan Descriptions

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

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

B. Benefits Provided

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

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 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.

C. Contribution Rate

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2019, were $997,437. The District's contributions were equal to the required contributions for the year as set by state statute.

D. Pension Costs

At June 30, 2019, the District reported a liability of $10,102,161 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. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $331,240. 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 employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1821% at the end of the measurement period and 0.1762% for the beginning of the period.

District's proportionate share of net pension liability	$ 10,102,161
State of Minnesota's proportionate share of the net pension liability associated with the District	331,240
Total	$ 10,433,401

For the year ended June 30, 2019, the District recognized pension expense of $680,024 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $77,244 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 related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 259,112	$ 271,337
Changes in actuarial assumptions	888,702	1,109,913
Net collective difference between projected and actual investment earnings	-	1,087,427
Changes in proportion	637,932	-
Contributions paid to PERA subsequent to the measurement date	997,437	-
Total	$ 2,783,183	$ 2,468,677

The $997,437 reported as deferred outflows of resources related to pensions resulting from [entity] 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:

Years Ended June 30,	Pension Expense Amount
2020	$ 534,953
2021	(297,481)
2022	(709,554)
2023	(210,849)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan.

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. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2018:

Changes in Actuarial Assumptions:

- 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.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	0.75%
Alternative Assets (Private Markets)	25%	5.90%
Cash	2%	0.00%
	100%	

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

Sensitivity Analysis
Net Pension Liability (Asset) at Different Discount Rates

	General Employees Fund	
1% Lower	6.50%	$ 16,417,306
Current Discount Rate	7.50%	$ 10,102,161
1% Higher	8.50%	$ 4,889,190

H. 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 may be obtained on the Internet at www.mnpera.org.

Teachers Retirement Association (TRA)

A. Plan Descriptions

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

Educators employed in Minnesota's public elementary and secondary school, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those teachers employed by St. Paul schools or Minnesota State colleges and universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through Minnesota State's Individual Retirement Account Plan (IRAP) within one year of eligible employment.

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B. 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.

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

Tier I Benefits

Tier 1:	Step Rate Formula	Percentage
Basic	First ten years	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006 or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006 or after	1.9% per year

With these provisions:

1. Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
2. 3 percent per year early retirement reduction factor for all years under normal retirement age.
3. 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 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 that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions 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.

C. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ending June 30, 2017, June 30, 2018, and June 30, 2019 were:

	June 30, 2017		June 30, 2018		June 30, 2019	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.50%	11.00%	11.50%	11.00%	11.71%
Coordinated	7.50%	7.50%	7.50%	7.50%	7.50%	7.71%

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
Add employer contributions not related to future contribution efforts	522
Deduct TRA's contributions not included in allocation	(471)
Total employer contributions	378,779
Total non-employer contributions	35,588
Total contributions reported in *Schedule of Employer and Non-Employer Allocations*	$ 414,367

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

D. 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	7.50%
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	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality assumptions	
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 three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the 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 real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	0.75%
Alternative Assets (Private Markets)	25%	5.90%
Cash	2%	0.00%
	100%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is six 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 5 years as required by GASB 68.

Changes in actuarial assumptions since the 2017 valuation

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. This is an increase from the discount rate at the prior measurement date of 5.12 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

At June 30, 2019, the District reported a liability of $39,601,301 for its proportionate share of the 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 0.6305% at the end of the measurement period and 0.5965% for the beginning of the year.

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 proportionate share of net pension liability	$ 39,601,301
State's proportionate share of the net pension liability associated with the dstrict	$ 3,720,462

For the year ended June 30, 2019, the District recognized pension revenue of $25,955,631. It also recognized ($2,596,642) as an increase to pension expense for the support provided by direct aid.

At June 30, 2019, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 12,137	$ 760,438
Changes in actuarial assumptions	47,098,513	66,764,783
Difference between projected and actual investment earnings	-	3,217,900
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,599,570	33,994
District's contributions to TRA subsequent to the measurement date	2,907,823	-
Total	$ 58,618,043	$ 70,777,115

$2,907,823 was reported as deferred outflows of resources related to pensions resulting from District contributions to TRA 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 inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Years Ended June 30,	Pension Expense Amount
2020	$ 4,016,747
2021	3,000,186
2022	711,668
2023	(13,224,182)
2024	(9,571,314)

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G. Net Pension Liability

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50% as well as the liability measured using one percent lower and one percent higher:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	$ 62,847,105	$ 39,601,301	$ 20,423,667

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.

H. 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, and St. Paul, MN, 55103-4000; or by calling (651)-296-2409 or (800)-657-3669.

Note 9 - Fund Balance

Certain portions of fund balances are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

The following is a summary of fund balances as of June 30, 2019:

	General	Building Construction	Debt Service	Other Government Funds	Totals
Nonspendable					
Prepaid items	$ 701,560	$ -	$ -	$ 29,075	$ 730,635
Inventories	-	-	-	10,709	10,709
Total nonspendable	701,560	-	-	39,784	741,344
Restricted					
Safe school - crime levy	181,008	-	-	-	181,008
Staff development	159,148	-	-	-	159,148
LT facilities maintenance	2,269,016	-	-	-	2,269,016
Building construction	-	4,775,865	-	-	4,775,865
Debt service	-	-	59,853	-	59,853
OPEB debt service	-	-	-	2,971,104	2,971,104
Food service	-	-	-	1,117,934	1,117,934
Community education	-	-	-	364,054	364,054
Early childhood and family education	-	-	-	392,900	392,900
School readiness	-	-	-	338,928	338,928
Community service	-	-	-	167,253	167,253
Total restricted	2,609,172	4,775,865	59,853	5,352,173	12,797,063
Committed					
Severance obligation	1,200,000	-	-	-	1,200,000
Assigned					
Health insurance and affordable care act	500,000	-	-	-	500,000
Capital projects	2,500,000	-	-	-	2,500,000
Total assigned	3,000,000	-	-	-	3,000,000
Unassigned	14,871,878	-	-	-	14,871,878
Total fund balance	$ 22,382,610	$ 4,775,865	$ 59,853	$ 5,391,957	$ 32,610,285

The UFARS fund balance reporting standards are slightly different than the reporting standards under GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Below is reconciliation between the fund balance reporting under GASB 54 and UFARS reporting standards:

	GASB Balance	Reconciling Items	UFARS Balance
Nonspendable			
Prepaid items	$ 730,635	$ -	$ 730,635
Inventories	10,709	-	10,709
Total nonspendable	741,344	-	741,344
Restricted			
Safe school - crime levy	181,008	-	181,008
Staff development	159,148	-	159,148
LT facilities maintenance	2,269,016	-	2,269,016
Building construction	4,775,865	-	4,775,865
Debt service	59,853	-	59,853
OPEB debt service	2,971,104	-	2,971,104
Food service	1,117,934	-	1,117,934
Community education	364,054	-	364,054
Early childhood and family education	392,900	-	392,900
School readiness	338,928	-	338,928
Community service	167,253	-	167,253
Total restricted	12,797,063	-	12,797,063
Committed			
Severance obligation	1,200,000	-	1,200,000
Assigned			
Health insurance and affordable care act	500,000	-	500,000
Capital projects	2,500,000	-	2,500,000
Total assigned	3,000,000	-	3,000,000
Unassigned	14,871,878	-	14,871,878
Total fund balance	$ 32,610,285	$ -	$ 32,610,285

Note 10 - Flexible Benefit Plan

The District has a flexible benefit plan which is classified as a "cafeteria plan" (the Plan) under section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, which is from September 1 to August 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

Payment of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund and special revenue funds.

Amounts withheld for medical reimbursement and dependent care are paid by the District to an outside administrator upon an employee submitting a request for reimbursement. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the employee.

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

Note 11 - Employee Benefit Plan 403(b)

All teachers having completed their fifth year of teaching in the District are eligible to participate in the matching 403(b) program. The District will match the employees' deferral up to the following annual maximums:

Years of Service	Maximum Match
6 - 10	$1,000
11+	$1,500

The maximum career matching contribution by the District will not exceed $20,000 per teacher.

Note 12 - Health Self-Insurance

The District is self-insured with respect to health insurance costs. The District implemented the self-insurance medical plan on January 1, 2014. Terms of the plan include a stop-loss prevention of $150,000, which limits the District's liability. The following is the activity for the year ended June 30, 2019:

Claims incurred but not reported at beginning of year	$ 571,274
Claims incurred	3,604,300
Claims paid	(3,652,126)
Claims incurred but not reported at end of year	$ 523,448

Note 13 - Commitments and Contingencies

Federal Revenue

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

Contingencies

The District has the usual and customary legal claims pending at year-end. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

Commitment

The District had commitments during the year ended June 30, 2019 for construction on the Operation Center. The total amount of this contract committed as of June 30, 2019 is $13,111,066 with the work completed on these projects as of year ended June 30, 2019 totaling $1,875,866, leaving construction commitments at year end totaling $11,235,200.

Operating Lease

The District is obligated under certain leases accounted for as operating leases. These leases are generally cancelable on an annual basis by the District. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected as a liability in the Districts financial statements. The District has several operating leases for various purposes. Lease expense for all leases of the District for the current year was $285,151.

The following is a summary of operating lease payments for the next year:

2020	$ 285,151

Note 14 - Stewardship, Compliance, and Accountability

Expenditures in Excess of Appropriations

Budget control for the general fund is established by its total appropriations. The General Fund has expenditures exceeding appropriations in the amount of $783,286 for the year ended June 30, 2019. These over expenditures were funded by revenues in excess of budget and existing fund balance.

Note 15 - Issued But Non-Effective Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the District. The first statement issued but not yet implemented that will significantly affect the District is Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. This statement will be implemented at the District in the year ended June 30, 2020.

The second statement issued but not yet implemented that will significantly affect the District is Statement No. 90, *Majority Equity Interests*. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This statement will be implemented at the District in the year ended June 30, 2020.

The third statement issued but not yet implemented that will significantly affect the District is Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. This statement will be implemented at the District in the year ended June 30, 2021.

The fourth statement issued but not yet implemented that will significantly affect the District is Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period. This statement will be implemented at the District in the year ended June 30, 2021.

The final statement issued but not yet implemented that will significantly affect the District is Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required noted disclosures. The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognized assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. This statement will be implemented at the District in the year ended June 30, 2022.

As a result of implementing GASB Statement No. 84, management expects assets of $335,765 currently reported within the Student Activities Agency Fund will be reported within the General Fund beginning July 1, 2019. Management has not yet determined the effect GASB Statements No. 87, 89, 90, and 91 will have on the District's financial statement.

Note 16 - Subsequent Events

The District has evaluated subsequent events through November 26, 2019, the date which the financial statements were available to be issued. On September 12, 2019, the district issued Certificates of Participation, Series 2019C totaling $4,165,000 to be used for the purchase of the Sam's Club Moorhead building. The certificates have interest rates varying from 2.30% - 4.00% and mature on February 1, 2034.

In addition, the district made the final principal payment totaling $2,765,000 on the General Obligation Taxable OPEB Bonds, Series 2009 during July 2019.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Last 10 Fiscal Years *

	2017	2018	2019
Service cost	$ 358,297	$ 329,430	$ 275,059
Interest cost	263,235	260,595	308,682
Assumption changes	-	(241,552)	201,623
Plan changes	-	-	(22,247)
Differences between expected and actual experience	-	-	(1,654,234)
Benefit payments	(723,495)	(631,492)	(522,904)
Net change in total OPEB liability	(101,963)	(283,019)	(1,414,021)
Total OPEB liability - beginning	8,492,157	8,390,194	8,107,175
Total OPEB liability - ending (a)	$ 8,390,194	$ 8,107,175	$ 6,693,154
Plan fiduciary net position			
Projected investment return	$ 245,456	$ 199,881	$ 199,881
Differences between expected and actual experience	309,008	139,960	139,960
Benefit payments	(723,495)	(522,904)	(522,904)
Administrative expense	(3,923)	(3,297)	(3,297)
Net change in plan fiduciary net position	(172,954)	(186,360)	(186,360)
Total fiduciary net position - beginning	5,009,306	4,836,352	4,649,992
Total fiduciary net position - ending (b)	$ 4,836,352	$ 4,649,992	$ 4,463,632
District's net OPEB liability - ending (a) - (b)	$ 3,553,842	$ 3,457,183	$ 2,229,522
Plan fiduciary net position as a percentage of the total OPEB liability	57.64%	57.36%	66.69%
Covered-employee payroll	$37,021,968	$38,132,627	$41,758,182
District's net OPEB liability as a percentage of covered-employee payroll	9.60%	9.07%	5.34%

*GASB Statements No. 74/75 require ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Note to the Schedule of Changes in the District's Net OPEB Liability and Related Ratios

The District implemented the standard as of June 30, 2017, and as such there have been three measurement dates presented. There have been no changes to plan provisions, assumptions, or methods since the prior report except for the following:

Benefit Changes

- For the fiscal year ending June 30, 2019, the new superintendent does not have a subsidized post-employment benefit.

Assumption Changes

- For the fiscal year ending June 30, 2018, the expected long-term investment return was changed from 4.90% to 5.20% and the discount rate was changed from 3.10% to 3.80%.
- For the fiscal year ending June 30, 2019:
  - o The health care trend rates were changed to better anticipate short term and long term medical increases.
  - o The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
  - o The expected long-term investment return was changed from 5.20% to 4.30% and discount rate was changed from 3.80% to 3.30%.

Schedule of District OPEB Contributions, Last 10 Fiscal Years *

	2017	2018	2019
Actuarially determined contribution	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$37,021,968	$38,132,627	$41,758,182
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

*GASB Statements No. 74/75 require ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Note to the Schedule of District Contributions

Valuation/census data date:	July 1, 2018
Measurement date:	June 30, 2019
Actuarial cost method	Entry Age, level percentage of pay
Amortization method	Average of expected remaining service on a closed basis for differences between expected and actual experience and assumption changes. Closed five-year period for differences between expected and actual asset returns.
Amortization period	20 years
Asset valuation method	Closed five-year period
Inflation	2.50 percent
Healthcare cost trend rates	6.50 percent in 2018 grading to 5.00 percent over 6 years
Salary increases	3.00 percent
Investment rate of return	5.20 percent (net of investment expenses)
Retirement age	In the July 1, 2018, actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale

Schedule of Changes in Supplemental Benefits Liability, Last 10 Fiscal Years *

	2017	2018	2019
Service cost	$ 34,826	$ 32,650	$ 23,623
Interest cost	29,552	22,744	20,634
Assumption changes	-	(8,221)	4,637
Differences between expected and acutal experience	-	-	171,016
Benefit payments	(343,143)	(250,087)	(215,718)
Net change in total pension-related benefits liability	(278,765)	(202,914)	4,192
Total pension-related benefits liability - beginning	1,154,539	875,774	672,860
Total pension-related benefits liability - ending	$ 875,774	$ 672,860	$ 677,052

* GASB Statement No. 73 requires ten years of information to be presented in this table. However, until a full 10- year trend is compiled, the District will present information for those years for which information is available.

There are no assets accumulated in an irrevocable trust to pay plan benefits.

Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years*

Pension Plan	Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated With District (b)	Total (d) (a+b)	Employer's Covered-Employee Payroll (e)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Payroll (a/e)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA	6/30/2018	0.1821%	$ 10,102,161	$ 331,240	$ 10,433,401	$ 12,399,542	81.5%	79.5%
PERA	6/30/2017	0.1762%	$ 11,248,492	$ 141,438	$ 11,389,930	$ 11,492,596	97.9%	75.9%
PERA	6/30/2016	0.1677%	$ 13,616,408	$ 177,846	$ 13,794,254	$ 10,447,075	130.3%	68.9%
PERA	6/30/2015	0.1669%	$ 8,649,624	N/A	$ 8,649,624	$ 9,695,221	89.2%	78.2%
PERA	6/30/2014	0.1776%	$ 8,342,758	N/A	$ 8,342,758	$ 9,367,394	89.1%	78.8%
TRA	6/30/2018	0.6305%	$ 39,601,301	$ 3,720,462	$ 43,321,763	$ 35,341,040	112.1%	78.1%
TRA	6/30/2017	0.5965%	$ 119,072,221	$ 11,511,003	$ 130,583,224	$ 32,411,882	367.4%	51.6%
TRA	6/30/2016	0.5811%	$ 138,606,215	$ 13,911,854	$ 152,518,069	$ 30,484,935	454.7%	44.9%
TRA	6/30/2015	0.5651%	$ 34,957,024	$ 4,287,712	$ 39,244,736	$ 28,908,620	120.9%	76.8%
TRA	6/30/2014	0.5887%	$ 27,126,872	$ 1,908,296	$ 29,035,168	$ 27,272,769	99.5%	81.5%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Schedule of Employer's Contributions
Last 10 Fiscal Years*

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
PERA	6/30/2019	$ 997,437	$ 997,437	$ -	$ 13,299,160	7.5%
PERA	6/30/2018	$ 925,164	$ 925,164	$ -	$ 12,399,542	7.5%
PERA	6/30/2017	$ 856,583	$ 856,583	$ -	$ 11,492,596	7.5%
PERA	6/30/2016	$ 782,398	$ 782,398	$ -	$ 10,447,075	7.5%
PERA	6/30/2015	$ 727,148	$ 727,148	$ -	$ 9,695,221	7.5%
TRA	6/30/2019	$ 2,907,823	$ 2,907,823	$ -	$ 37,873,618	7.7%
TRA	6/30/2018	$ 2,640,221	$ 2,640,221	$ -	$ 35,341,040	7.5%
TRA	6/30/2017	$ 2,430,765	$ 2,430,765	$ -	$ 32,411,882	7.5%
TRA	6/30/2016	$ 2,286,341	$ 2,286,341	$ -	$ 30,484,935	7.5%
TRA	6/30/2015	$ 2,168,081	$ 2,168,081	$ -	$ 28,908,620	7.5%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions

PERA Changes in Actuarial Assumptions:

- 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.

PERA Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

TRA Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

PERA's CAFR may be obtained on the PERA's website at www.mnpera.org for notes to the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer's Contributions.

Additional financial and actuarial information can be found in TRA's GASB 67-68 report. Both reports can be obtained at https://minnesotatra.org/wp-content/uploads/2019/01/2018-MN-TRA-GASB-67-68-Reportscombined.pdf

Independent School District No. 152
Moorhead Area Public Schools
General Fund
Schedule of Changes in UFARS Fund Balances
Year Ended June 30, 2019

	Fund Balance Beginning of Year	Net Change in Fund Balance	Fund Balance End of Year
Nonspendable	97,686	$ 603,874	701,560
Restricted for safe schools	183,599	(2,591)	181,008
Restricted for staff development	76,603	82,545	159,148
Restricted for long-term facilities maintenance	647,381	1,621,635	2,269,016
Committed for severance obligation	1,200,000	-	1,200,000
Assigned for health insurance and affordable care act	500,000	-	500,000
Assigned for capital projects	3,000,000	(500,000)	2,500,000
Unassigned	14,765,852	106,026	14,871,878
	$ 20,471,121	$ 1,911,489	$ 22,382,610

Independent School District No. 152
Moorhead Area Public Schools
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Food Service	Community Service	OPEB Debt Service Fund	Totals
Assets				
Cash and investments	$ 1,065,809	$ 1,456,746	$ 715,033	$ 3,237,588
Restricted cash and cash equivalents	-	-	2,765,000	2,765,000
Receivables				
Current property taxes	-	307,761	1,014,756	1,322,517
Delinquent property taxes	-	8,793	24,827	33,620
Due from other governmental units	224,142	130,242	23,560	377,944
Prepaid expenditures	-	29,075	-	29,075
Inventories	10,709	-	-	10,709
Total assets	$ 1,300,660	$ 1,932,617	$ 4,543,176	$ 7,776,453
Liabilities				
Accounts payable	$ 5,502	$ 18,474	-	$ 23,976
Salaries payable	94,171	122,858	-	217,029
Unearned revenue	72,344	21,650	-	93,994
Total liabilities	172,017	162,982	-	334,999
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	477,425	1,572,072	2,049,497
Fund Balance				
Nonspendable	10,709	29,075	-	39,784
Restricted	1,117,934	1,263,135	2,971,104	5,352,173
Total fund balance	1,128,643	1,292,210	2,971,104	5,391,957
Total liabilities, deferred inflows of resources, and fund balance	$ 1,300,660	$ 1,932,617	$ 4,543,176	$ 7,776,453

Independent School District No. 152
Moorhead Area Public Schools
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2019

	Food Service	Community Service	OPEB Debt Service Fund	Totals
Revenues				
Local property tax levies	$ -	$ 400,871	$ 1,127,671	$ 1,528,542
Other local and county sources	44,621	615,400	-	660,021
State sources	196,795	1,212,456	-	1,409,251
Federal sources	1,946,927	22,846	-	1,969,773
Sales and other conversion of assets	1,204,037	-	-	1,204,037
Miscellaneous	-	-	235,582	235,582
Total revenues	3,392,380	2,251,573	1,363,253	7,007,206
Expenditures				
Community education and service	-	2,033,179	-	2,033,179
Pupil support services	3,539,250	-	-	3,539,250
Fiscal and other fixed cost programs	-	-	1,502,428	1,502,428
Total expenditures	3,539,250	2,033,179	1,502,428	7,074,857
Excess (Deficiency) of Revenues over (under) Expenditures	(146,870)	218,394	(139,175)	(67,651)
Other Financing Sources				
Proceeds from bond refunding	-	-	2,870,000	2,870,000
Net Change in Fund Balance	(146,870)	218,394	2,730,825	2,802,349
Fund Balance, Beginning of Year	1,275,513	1,073,816	240,279	2,589,608
Fund Balance, End of Year	$ 1,128,643	$ 1,292,210	$ 2,971,104	$ 5,391,957

Independent School District No. 152
Moorhead Area Public Schools
Changes in Student Activity Cash Balances
Year Ended June 30, 2019

Activity	Balance 7/1/18	Receipts and and Transfers	Disbursements and Transfers	Balance 6/30/19
6th Grade Activities (C)	$ 32	$ -	$ -	$ 32
7th Grade Activities (A)	33	-	-	33
7th Grade Activities (B)	143	-	78	65
8th Grade Activities (A)	51	-	26	25
8th Grade Activities (B)	-	1,354	1,354	-
Adapted Bowling	11	154	165	-
APL Project	8,571	4,064	5,116	7,519
Apollo Strings	127,198	144,378	219,000	52,576
Auditorium Technology	2,001	365	13	2,353
AVID	-	603	422	181
Band - Jr. High	3,561	13,507	15,904	1,164
Band - Sr. High	90,586	135,426	198,266	27,746
Baseball Club	5,914	36,021	41,935	-
Basketball - Boys	12,749	32,775	34,247	11,277
Basketball - Girls	13,972	37,639	35,187	16,424
Choir - Sr. High	5,660	9,191	8,772	6,079
Clay Targets	2,439	11,235	12,328	1,346
Cross Country	4,043	10,369	8,893	5,519
CTIC Activity Fund	139	-	1	138
Danceline	1,780	24,062	20,982	4,860
Debate	295	6,926	7,221	-
Destination Imagination	917	-	5	912
DI Globals	336	1,720	6	2,050
Dodds PTAC	50	1,983	2,033	-
Dodds Yearbook	-	4,329	12	4,317
DW Students in Need	50	-	-	50
Football Club	9,694	45,384	55,078	-
Golf - Boys Sr. High	3,995	3,394	4,967	2,422
Golf - Girls Sr. High	1,596	7,238	8,305	529
Gymnastics Club	6,649	3,525	4,238	5,936
Hall of Honor	-	2,300	1,635	665
Hockey - Boys	9,913	43,845	44,869	8,889
Honor Choir - Jr. High	17,127	19,708	21,445	15,390
Hopkins Safety Patrol	2,355	-	1,264	1,091
Hopkins Yearbook	-	1,461	1,461	-
Horizon PTAC	-	4,652	4,142	510
Hopkins Ptac 188	-	2,713	2,713	-

Independent School District No. 152
Moorhead Area Public Schools
Changes in Student Activity Cash Balances
Year Ended June 30, 2019

Activity	Balance 7/1/18	Receipts and and Transfers	Disbursements and Transfers	Balance 6/30/19
Horizon Art Club	43	-	1	42
Horizon Choir	638	5,059	4,406	1,291
Horizon Football	25	-	-	25
Horizon Project Success	1	-	-	1
Horizon Science Olympiad	-	881	881	-
Horizon Visiting Auth	7	-	-	7
Indian Education	301	1,348	99	1,550
Horizon East PTAC	-	2,205	2,205	-
Horizon West APL Cart	-	500	500	-
Horizon West Food Pantry	-	4,469	576	3,893
Horizon West Yearbook	-	6,416	3,674	2,742
Improv	273	-	1	272
Industrial Technology	2	10	-	12
Intramurals	2,649	-	15	2,634
Journalism	9,451	265	53	9,663
Knowledge Bowl	8,108	1,847	168	9,787
Lacrosse - Boys	-	24,637	24,637	-
Lacrosse - Girls	-	16,249	12,688	3,561
LOVA	97	-	-	97
Media - Jr. High	22	2,485	2,444	63
MHS Store	416	-	2	414
MHS Literacy Committee	258	-	1	257
MHS Pride	584	-	3	581
MHS Robotics	4,249	3,486	2,409	5,326
Nordic Skiing	1,308	4,798	6,106	-
Orchestra - Jr. High	5,082	51,462	55,165	1,379
Orchestra - Horizon Donations	9,477	4,080	8,744	4,813
Plays - Sr. High Fall	1,804	75,927	77,731	-
Plays - Sr. High Spring	2,193	7,154	4,082	5,265
Positive Incentives - Jr. High	1	-	-	1
Power Club	2,421	29,313	24,905	6,829
Robert Asp Safety Patrol	1,713	-	1,232	481
Robert Asp Yearbook	256	2,590	2,478	368
Asp PTAC 187	-	2,046	2,046	-
RRALC Pay	197	-	1	196
RRALC Robotics	5,080	1,220	1,426	4,874
SADD	1,611	-	597	1,014
Skills USA	5,717	3,771	4,021	5,467
Service Enhancement Club	3,929	716	1,429	3,216
SGR PTAC 189	-	2,976	2,548	428
SGR Safety Patrol	2,601	-	486	2,115
Soccer - Boys	397	8,379	8,355	421

Independent School District No. 152
Moorhead Area Public Schools
Changes in Student Activity Cash Balances
Year Ended June 30, 2019

Activity	Balance 7/1/18	Receipts and and Transfers	Disbursements and Transfers	Balance 6/30/19
Soccer - Girls	-	9,944	7,460	2,484
Softball	(1,020)	7,899	4,616	2,263
Spanish Club	4,578	-	25	4,553
Speech	7,863	66,211	74,074	-
Spud Mart	997	420	241	1,176
STAMP	554	-	31	523
Store - Jr. High	299	-	2	297
Student Council - Jr. High	1	738	739	-
Student Council - Sr. High	17,432	6,716	21,706	2,442
Swimming - Boys	1,217	7,984	6,460	2,741
Swimming - Girls	914	23,169	24,083	-
Tennis - Girls	214	36	1	249
Tennis - Boys	-	692	692	-
Theatre Arts - Jr. High	49,952	33,840	49,535	34,257
Theatre Trips	4,769	46,557	51,326	-
Track - Boys	319	1,350	932	737
Track - Girls	2,233	-	267	1,966
Volleyball	6,715	19,849	20,456	6,108
Wrestling Club	4,112	3,400	4,327	3,185
Yearbook - PCE	236	-	2	234
Yearbook - Jr. High	-	6,306	5,516	790
Yearbook - Sr. High	-	23,310	10,733	12,577
	$ 504,156	$ 1,133,031	$ 1,301,422	$ 335,765

Independent School District No. 152
Moorhead Area Public Schools
Uniform Accounting and Reporting Standards Compliance Table
Year Ended June 30, 2019

Fiscal Compliance Report - 6/30/2019   Help   Logoff
District: MOORHEAD (152-1)   Back   Print

01 GENERAL FUND	Audit	UFARS	Audit - UFARS
Total Revenue	$89,241,009	$89,241,011	($2)
Total Expenditures	$87,412,168	$87,412,164	$4
Non Spendable:			
4.60 Non Spendable Fund Balance	$701,560	$701,560	$0
Restricted / Reserved:			
4.03 Staff Development	$159,148	$159,148	$0
4.06 Health and Safety	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe School Crime - Crime Levy	$181,008	$181,008	$0
4.50 Pre-Kindergarten	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$2,269,016	$2,269,016	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$1,200,000	$1,200,000	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$3,000,000	$3,000,000	$0
Unassigned:			
4.22 Unassigned Fund Balance	$14,871,878	$14,871,883	($5)

02 FOOD SERVICES	Audit	UFARS	Audit - UFARS
Total Revenue	$3,392,380	$3,392,377	$3
Total Expenditures	$3,539,250	$3,539,249	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$10,709	$10,709	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$1,117,934	$1,117,933	$1
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE	Audit	UFARS	Audit - UFARS
Total Revenue	$2,251,573	$2,251,570	$3
Total Expenditures	$2,033,179	$2,033,177	$2
Non Spendable:			
4.60 Non Spendable Fund Balance	$29,075	$29,075	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$364,054	$364,054	$0
4.32 E.C.F.E	$392,900	$392,900	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$338,928	$338,928	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$167,253	$167,253	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

06 BUILDING CONSTRUCTION	Audit	UFARS	Audit -
Total Revenue	$93,046	$93,046	$0
Total Expenditures	$2,214,155	$2,214,155	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$4,775,865	$4,775,864	$1
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE	Audit	UFARS	Audit -
Total Revenue	$7,001,959	$7,001,959	$0
Total Expenditures	$8,539,558	$8,539,558	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$59,853	$59,852	$1
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST	Audit	UFARS	Audit -
Total Revenue	$5	$5	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$10,330	$10,330	$0

20 INTERNAL SERVICE	Audit	UFARS	Audit -
Total Revenue	$6,876,689	$6,876,689	$0
Total Expenditures	$6,413,303	$6,413,302	$1
4.22 Unassigned Fund Balance (Net Assets)	$2,363,201	$2,363,201	$0

25 OPEB REVOCABLE TRUST	Audit	UFARS	Audit -
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST	Audit	UFARS	Audit -
Total Revenue	$338,178	$338,178	$0
Total Expenditures	$522,904	$522,904	$0
4.22 Unassigned Fund Balance (Net Assets)	$4,462,025	$4,462,025	$0

47 OPEB DEBT SERVICE	Audit	UFARS	Audit -
Total Revenue	$1,363,253	$1,363,254	($1)
Total Expenditures	$1,461,249	$1,461,250	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$2,828,821	$2,828,821	$0
4.64 Restricted Fund Balance	$142,283	$142,282	$1
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

Independent School District No. 152
Moorhead Area Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Program Title	Federal CFDA Number	Pass Through Number		Expenditures	
Department of Agriculture					
Passed through Minnesota Department of Education					
Non-Cash Assistance (Commodities):					
Food Distribution	10.553	0152-01-000 FIN 473	$ 300,841		
Cash Assistance:					
School Breakfast Program	10.553	0152-01-000 FIN 705	336,930		
National School Lunch Program	10.555	0152-01-000 FIN 701	267,022		
National School Lunch Program - Snack Program	10.555	0152-01-000 FIN 702	4,641		
National School Lunch Program - Free/Reduced	10.555	0152-01-000 FIN 701	1,017,158		
Summer Food Service Program for Children	10.559	0152-01-000 FIN 709	6,455		
Total Child Nutrition Cluster				$ 1,933,047	
Total Department of Agriculture					$ 1,933,047
Department of Education					
Direct					
Indian Education - Grants to Local Educational Agencies	84.060	N/A		88,915	
Passed through Minnesota Department of Education					
Adult Education - Basic Grants to States	84.002	0152-01-000 FIN 438		22,846	
Title I Grants to Local Educational Agencies	84.010	0152-01-000 FIN 401	1,335,516		
Title I Grants to Local Educational Agencies	84.010	0152-01-000 FIN 406	51,244		
Total Title I Cluster				1,386,760	
Special Education - Grants to States	84.027	0152-01-000 FIN 419	1,545,257		
Special Education - Preschool Grants	84.173	0152-01-000 FIN 420	26,884		
Total Special Education Cluster				1,572,141	
Special Education - Grants for Infants and Families	84.181	0152-01-000 FIN 422		50,477	
English Language Acquisition State Grants	84.365	0152-01-000 FIN 417		59,595	
Improving Teacher Quality State Grants	84.367	0152-01-000 FIN 414		199,786	
Strivers Readers Grant	84.371C	0152-01-000 FIN 499		351,878	
Total Department of Education					3,732,398
Department of Health and Human Resources					
Direct					
Refugee and Entrant Assistance	93.566	N/A			15,277
Total expenditures of federal awards					$ 5,680,722

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2019. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position or fund balance of the District.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

Note 4 - Food Distribution

Non-monetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of commodities received and disbursed. At June 30, 2019, the district had food commodities totaling $10,709 in inventory.

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

The School Board of
Independent School District No. 152
Moorhead Area Public Schools
Moorhead, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 152, Moorhead Area Public Schools (The 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 November 26, 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 opinions 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 attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-003, that we consider to be material weaknesses and 2019-004 that we consider to be a significant deficiency.

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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.*

Response to Findings
The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Eide Bailly LLP

Fargo, North Dakota
November 26, 2019

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

The School Board of
Independent School District No. 152
Moorhead Area Public Schools
Moorhead, Minnesota

Report on Compliance for Each Major Federal Program
We have audited the District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for the District's 's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Fargo, North Dakota
November 26, 2019

EideBailly

CPAs & BUSINESS ADVISORS

Report on Compliance over Financial Reporting of the *Student Activity Accounts*

The School Board of
Independent School District No. 152
Moorhead Area Public Schools
Moorhead, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the *Manual for Activity Fund Accounting (MAFA)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 152, Moorhead Area Public Schools, 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 November 26, 2019.

Compliance

As part of obtaining reasonable assurance about whether the District's student activity accounts are free of material misstatement, we performed tests of the district's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of student activity 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. Findings 2019-005, 2019-006, and 2019-007 in the attached Schedule of Findings and Questioned Costs were noted to be in noncompliance through testing of these requirements.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs and in the District's Corrective Action Plan, which is in a separate document. 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.

This report is intended solely for the information and use of management, the Board of Education, the Minnesota Department of Education, and other state agencies and is not intended to be and should not be used by anyone other than those specified parties.

Eide Bailly LLP

Fargo, North Dakota
November 26, 2019

EideBailly

CPAs & BUSINESS ADVISORS

Report on *Minnesota Legal Compliance*

The School Board of
Independent School District No. 152
Moorhead Area Public Schools
Moorhead, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of as of Independent School District No. 152 Moorhead Area Public Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2019.

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

In connection with our audit, no items 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 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.

Eide Bailly LLP

Fargo, North Dakota
November 26, 2019

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	None reported
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	CFDA Number
Title I	84.010
Child Nutrition Cluster	10.553, 10.555, 10.559

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2019-001 Preparation of Financial Statements
Material Weakness

Condition – The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the financial statements and accompanying notes to the financial statements.

Criteria – A good system of internal accounting control contemplates an adequate system for internally preparing the District's financial statements.

Effect – The disclosures in the financial statements could be incomplete.

Cause – The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Recommendation – It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials – There is no disagreement with the audit finding.

2019-002 Significant Journal Entries
Material Weakness

Condition – During the course of our engagement, we proposed material audit adjustments that were not identified as a result of the District's existing internal controls, and therefore could have resulted in a material misstatement of the District's financial statements.

Criteria – A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements.

Effect – This deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Cause – The District does not have an internal control system designed to identify all necessary adjustments.

Recommendation – A thorough review and reconciliation of accounts in each fund should take place prior to the beginning of the audit. This review should be performed at both the accounting staff and accounting supervisor levels.

Views of Responsible Officials – There is no disagreement with the audit finding.

2019-003 Segregation of Duties
Material Weakness

Condition – The District does not adequately separate duties when posting journal entries.

Criteria – A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping, and reconciliation functions.

Effect – Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Cause – Journal entries are prepared and posted by the same individual with no review of these entries.

Recommendation – The accounting functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, record keeping and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

Views of Responsible Officials – There is no disagreement with the audit finding.

2019-004 Improper Retention of Employee Personnel Forms
Significant Deficiency

Condition – During the course of our engagement, we noted employee I'9 forms that were missing.

Criteria – The District does not adequately retain required employee personnel forms.

Effect – This deficiency could result in improper reporting of employee information.

Cause – The District does not have an internal control system designed to properly complete and retain all required documentation.

Recommendation – Management should make an effort to ensure all employee personnel forms are completed properly and retained appropriately.

Views of Responsible Officials – There is no disagreement with the audit finding.

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Student Activities

2019-005 Improper Use of Student Activity Funds

Condition – During the course of our engagement, we noted a payment to reimburse the school district for a coach's salary.

Criteria – A good system of internal accounting control contemplates an adequate system for compliance with the MAFA guidelines of the proper use of student funds to benefit all students. Page 17 of the MAFA guideline describes labor or service payments as inappropriate expenditures.

Effect – The finding could result in public funds being used for the personal gain of individuals.

Cause – The District did not follow procedures for paying appropriate expenditures.

Recommendation – The district should review the MAFA guidelines to determine which payments are appropriate for student activity accounts

Views of Responsible Officials – There is no disagreement with the audit finding.

2019-006 Failure to Have Proper Signature on Requisition form for Student Activity Check Requests

Condition – During the course of our engagement, we discovered that two check requests did not have one or more of the required signatures.

Criteria – A good system of internal accounting control contemplates an adequate system for compliance with the MAFA guidelines of requiring a signature by a student, advisor and superintendent or principal representing the activity on all check requests. Page 15 of the MAFA guidelines describe the requirements for cash disbursements.

Effect – The finding could result in student activities dollars being misused.

Cause – The District did not follow the procedures to having a requisition form with approved signatures for all student activity checks.

Recommendation – A thorough policy requiring three individuals representing the activity to sign all check requests in accordance with MAFA guidelines.

Views of Responsible Officials – There is no disagreement with the audit finding.

2019-007 Inactive Student Activity Funds

Condition – During the course of our engagement, we noted instances of student activity funds that had no activity during the year. Per Chapter 14 of the UFARS Manual, inactive accounts should be closed or a formal plan should be in place for why the activity fund was not used.

Criteria – A good system of internal accounting control contemplates an adequate system for compliance with the MAFA guidelines requires inactive accounts to be closed or a formal plan must be in place for why the activity fund was not used.

Effect – The finding could result in public funds being used for the personal gain of individuals.

Cause – The District did not follow the procedures in maintaining activity in all student activity funds.

Recommendation – District should review the MAFA guidelines to determine proper treatment of inactive accounts.

Views of Responsible Officials: There is no disagreement with the finding.

Section V – Minnesota Legal Compliance Findings

None

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

$110,000,000*
GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2020A
INDEPENDENT SCHOOL DISTRICT NO. 152
(MOORHEAD AREA PUBLIC SCHOOLS)
CLAY COUNTY, MINNESOTA

We have acted as Bond Counsel in connection with the issuance by Independent School District No. 152 (Moorhead Area Public Schools), Clay County, Minnesota (the "District"), of its General Obligation School Building Bonds, Series 2020A (the "Bonds"), in the aggregate principal amount of $110,000,000*, bearing a date of original issue of February 13, 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.

(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 not been designated as "qualified tax-exempt obligations" for the purposes of Section 265 of the Code relating to the deduction of interest expenses allocable to the Bonds by financial institutions.

DATED at Mendota Heights, Minnesota, this 13th day of February, 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
(Full Disclosure)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 152 (Moorhead Area Public Schools), State of Minnesota (the "District"), in connection with the issuance of its General Obligation School Building Bonds, Series 2020A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the School Board on January 21, 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(b)(5). This Disclosure Certificate constitutes the written Undertaking required by the Rule.

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

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

"Audited Financial Statements" shall mean the District's financial statements which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) 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, which the District intends to continue to prepare in substantially the same form.

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

SECTION 3. Provision of Annual Reports.

(a) The District shall provide, or shall cause the Dissemination Agent to provide not later than June 30, 2021, and twelve (12) months after the end of each Fiscal Year during which the Bonds are outstanding, to the MSRB, in an electronic format through the use of EMMA, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. If audited financial statements are not available by the date specified above, the District shall submit unaudited financial statements by that date to the MSRB and will submit the audited financial statements as soon as they are available.

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

(c) The Dissemination Agent shall:

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

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

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

1. An annual Audited Financial Statement.

2. Updates of the operating and financial data included in the Official Statement under headings substantially similar to the following or containing financial information directly relating to the following: "Current Property Valuations", "Direct Debt", Tax Levies and Collections, "Student Body" and "Employment/Unemployment Data."

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

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

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events, with respect to the 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 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

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

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

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

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

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

SECTION 14. District Contact Information.

Title:	Superintendent
Name of District:	Independent School District No. 152 (Moorhead Area Public Schools)
Address:	2410 14th Street South Moorhead, MN 56560
Telephone No.	(218) 284-3375

Dated as of this 13th day of February, 2020.

INDEPENDENT SCHOOL DISTRICT NO. 152
MOORHEAD, MINNESOTA

By: ______________________________
Chair

And: ______________________________
Clerk

[Signature Page for Continuing Disclosure Certificate]

APPENDIX E

TERMS OF PROPOSAL

$110,000,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2020A
INDEPENDENT SCHOOL DISTRICT NO. 152
(MOORHEAD AREA PUBLIC SCHOOLS), MINNESOTA

Proposals for the purchase of $110,000,000* General Obligation School Building Bonds, Series 2020A (the "Bonds") of Independent School District No. 152 (Moorhead Area 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 January 21, 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 a special election held November 5, 2019, by the District, for the purpose of financing the acquisition and betterment of school sites and facilities in the District. 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 February 13, 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*
2023	$480,000	2031	$2,075,000	2039	$10,290,000
2024	930,000	2032	2,175,000	2040	10,625,000
2025	990,000	2033	2,255,000	2041	10,980,000
2026	1,040,000	2034	2,330,000	2042	11,350,000
2027	1,115,000	2035	2,520,000	2043	11,970,000
2028	1,200,000	2036	2,915,000	2044	12,395,000
2029	1,250,000	2037	9,420,000		
2030	1,720,000	2038	9,975,000		

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 August 1, 2020, 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 2023 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 February 13, 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 $109,120,000 plus accrued interest on the principal sum of $110,000,000 from date of original issue of the Bonds to date of delivery. **The maximum proposal allowed is $115,500,000.** 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 $2,200,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the 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.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the District will enter into an undertaking for the benefit of the holders of the 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) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the District, Bond Counsel and Ehlers the prices at which the 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. 152
(Moorhead Area Public Schools), Minnesota

PROPOSAL FORM

The Board of Education **January 21, 2020**
Independent School District No. 152 (Moorhead Area Public Schools), Minnesota

RE: $110,000,000* General Obligation School Building Bonds, Series 2020A (the "Bonds")
DATED: February 13, 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 $109,120,000***, and not more than $115,500,000***) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________________	% due	2023	________________	% due	2031	________________	% due	2039
________________	% due	2024	________________	% due	2032	________________	% due	2040
________________	% due	2025	________________	% due	2033	________________	% due	2041
________________	% due	2026	________________	% due	2034	________________	% due	2042
________________	% due	2027	________________	% due	2035	________________	% due	2043
________________	% due	2028	________________	% due	2036	________________	% due	2044
________________	% due	2029	________________	% due	2037			
________________	% due	2030	________________	% due	2038			

* 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 2023 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 $2,200,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the 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 February 13, 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 not 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 February 13, 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. 152 (Moorhead Area Public Schools), Minnesota, on January 21, 2020.

By: ________________________________ By: ________________________________

Title: ________________________________ Title: ________________________________