PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 19, 2021

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "Tax Exemption" herein.

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. 273 (EDINA PUBLIC SCHOOLS), MINNESOTA

(Hennepin County)

(Minnesota School District Credit Enhancement Program)

$7,000,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2021B

PROPOSAL OPENING: September 8, 2021, 10:00 A.M., C.T.

CONSIDERATION: Not later than 11:59 P.M., C.T. on September 8, 2021 (PARAMETERS RESOLUTION)

PURPOSE/AUTHORITY/SECURITY: The $7,000,000* General Obligation School Building Bonds, Series 2021B (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, and a special election held May 11, 2021 by Independent School District No. 273 (Edina Public Schools), Hennepin County, Minnesota (the "District") for the purpose of financing the acquisition and betterment of school sites and facilities in the District, including the construction of parking lot improvements at Countryside Elementary School, parking lot improvements and upgrades to lighting at Valley View Middle School, parking lot and bus traffic flow improvements and upgrades to lighting at Creek Valley Elementary School, and the expansion of the bus garage facility. 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 Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: September 30, 2021

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2030	$230,000	2032	$2,730,000	2034	$1,260,000
2031	100,000	2033	1,370,000	2035	1,310,000

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, 2022 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2030 and thereafter are subject to call for prior optional redemption on February 1, 2029 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: $7,000,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $140,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Kennedy & Graven, Chartered

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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EDINA PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
Erica Allenburg	Board Chair	January 2022
Leny Wallen-Friedman	Vice Chair	January 2024
Ellen Jones	Clerk	January 2022
Julie Greene	Assistant Clerk	January 2024
Janie Shaw	Assistant Clerk, Member	January 2024
Matthew Fox	Treasurer	January 2022
Owen Michaelson	Assistant Treasurer, Member	January 2022

ADMINISTRATION

Stacie Stanley, Superintendent of Schools

John Toop, Director of Business Services

PROFESSIONAL SERVICES

Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, 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. 273 (Edina Public Schools), Hennepin County, Minnesota (the "District") and the issuance of its $7,000,000* General Obligation School Building Bonds, Series 2021B (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 awarding the issuance and sale of the Bonds ("Award Resolution").

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

THE 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 September 30, 2021. 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, 2022, 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 2030 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, 2030 shall be subject to optional redemption prior to maturity on February 1, 2029 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 May 11, 2021, at which voters approved the issuance of $7,000,000 in general obligation school building bonds by a vote of 3,825 - 1,617. Proceeds of the Bonds will be used to provide funds for the acquisition and betterment of school sites and facilities, including the construction of parking lot improvements at Countryside Elementary School, parking lot improvements and upgrades to lighting at Valley View Middle School, parking lot and bus traffic flow improvements and upgrades to lighting at Creek Valley Elementary School, and the expansion of the bus garage facility.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	$7,000,000	
Reoffering Premium	238,726	
Total Sources		**$7,238,726**
Uses		
Total Underwriter's Discount (1.000%)	$70,000	
Costs of Issuance	66,150	
Deposit to Capitalized Interest (CIF) Fund	55,000	
Deposit to Project Construction Fund	7,047,576	
Total Uses		**$7,238,726**

*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 "Aaa" 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 August 9, 2021 (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 the 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 11, 2020, for General Obligation State Bonds, Series 2020A, 2020B, 2020C, 2020D, 2020E, 2020F, and 2020G, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts.

> "As [of] 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 2050, is approximately $17.35 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 currently estimated at $1.26 billion, with the maximum amount of principal and interest payable in any one month being $975.9 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 of the Bonds, the District shall execute and deliver a Continuing Disclosure Certificate, under which the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

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

In the previous five years, the District believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, 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

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and decisions, interest on the Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation and is excludable from taxable net income of individuals, estates and trusts for purposes of State of Minnesota income taxation, but is subject to State of Minnesota franchise taxes measured by income that are imposed upon corporations, including financial institutions.

Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income (for federal tax purposes) and taxable net income (for State of Minnesota tax purposes) of the owners thereof. 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 United States or State of Minnesota income taxation.

The Code imposes an alternative minimum tax with respect to individuals on alternative minimum taxable income.

The Code provides that 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) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year. For purposes hereof, the applicable percentage is 5.25% divided by the highest rate in effect under Section 11(b) of the Code.

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

Legislative proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status on municipal bonds. For example, legislation has been proposed that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

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. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2020 have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A. ("MMKR"), Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the 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. 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.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the District and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the District, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional $130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

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

VALUATIONS

OVERVIEW

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

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

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

Type of Property	**2018/19**	**2019/20**	**2020/21**
Residential homestead[1]	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%
Agricultural homestead[1]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,940,000 - 0.50% [2] Over $1,940,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,880,000 - 0.50% [2] Over $1,880,000 - 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 $139,000 - .75% Over $139,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $150,000 - .75% Over $150,000 - .25%	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 $162,000 - .75% Over $162,000 - .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

2020/21 Economic Market Value $11,335,226,023[1]

		2020/21 Assessor's Estimated Market Value	2020/21 Net Tax Capacity
Real Estate		$10,770,121,200	$129,359,864
Personal Property		24,540,700	484,496
Total Valuation		$10,794,661,900	$129,844,360
Less:	Captured Tax Increment Tax Capacity[2]		(4,280,819)
	Fiscal Disparities Contribution[3]		(9,772,273)
Taxable Net Tax Capacity			$115,791,268
Plus:	Fiscal Disparities Distribution[3]		3,452,558
Adjusted Taxable Net Tax Capacity			$119,243,826

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 96.02% 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 $11,335,226,023.

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

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

2020/21 NET TAX CAPACITY BY CLASSIFICATION

	2020/21 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$ 93,147,176	71.74%
Commercial/industrial	28,117,306	21.65%
Public utility	91,936	0.07%
Railroad operating property	173,954	0.13%
Non-homestead residential	7,775,452	5.99%
Commercial & residential seasonal/rec.	8,669	0.01%
Other	45,371	0.03%
Personal property	484,496	0.37%
Total	$129,844,360	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Adjusted Taxable Net Tax Capacity[2]	Percent +/- in Estimated Market Value
2016/17	$9,012,803,600	$8,953,476,577	$106,578,477	$99,554,454	+3.98%
2017/18	9,572,056,800	9,520,250,340	113,690,277	106,330,016	+6.21%
2018/19	10,153,433,400	10,109,194,711	121,270,345	112,849,625	+6.07%
2019/20	10,516,184,900	10,476,131,305	125,853,752	116,737,169	+3.57%
2020/21	10,794,661,900	10,756,237,669	129,844,360	119,243,826	+2.65%

1 Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

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

LARGER TAXPAYING PARCELS[1]

Taxpayer	Type of Property	2020/21 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Galleria Shopping Center	Commercial	$ 2,390,690	1.84%
Southdale Office Partnership	Commercial	985,104	0.76%
WPT Land 2 LP	Commercial	907,486	0.70%
One Southdale Place LLC	Apartment	724,935	0.56%
Southdale Center LLC	Commercial	611,546	0.47%
7700 France Avenue LLC	Commercial	611,354	0.47%
CRP/TCC AA II Edina LLC	Apartment	598,750	0.46%
Galleria Hotel LLC	Commercial	528,584	0.41%
Edina Market Street LLC	Apartment	516,838	0.40%
6801 France DST	Commercial	436,634	0.34%
Total		$ 8,311,921	6.40%

District's Total 2020/21 Net Tax Capacity $129,844,360

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

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes (includes the Bonds)*	$190,765,000

Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations[2]	$1,996,242

*Preliminary, subject to change.

STATE AID FOR DEBT SERVICE

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

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

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

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school 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, and to rural vacant land and managed forest land. The amount of agricultural credit received in the debt service fund for taxes payable 2021 is approximately 0.00% of total annual debt service levies, based on the District’s 2020/21 qualifying agricultural land valuation. The District does not currently qualify for the Agricultural Credit.

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

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

Independent School District No. 273 (Edina), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 09/30/2021)

	Alternative Facilities Bonds Series 2014A		School Building Bonds Series 2015A		Facilities Maintenance & Building Bonds Series 2017A		Facilities Maintenance Bonds Series 2019A		School Building Refunding Bonds Series 2019B	
Dated	12/30/2014		07/22/2015		04/13/2017		05/02/2019		11/14/2019	
Amount	$6,050,000		$113,385,000		$16,350,000		$24,075,000		$19,890,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2022	0	97,094	2,470,000	2,253,575	0	253,563	0	394,625	4,825,000	386,625
2023	0	194,188	1,935,000	4,383,650	665,000	507,125	0	789,250	5,125,000	532,000
2024	0	194,188	1,940,000	4,286,900	0	487,175	0	789,250	5,515,000	275,750
2025	0	194,188	2,335,000	4,189,900	0	487,175	0	789,250		
2026	0	194,188	2,560,000	4,073,150	1,935,000	487,175	0	789,250		
2027	0	194,188	7,015,000	3,945,150	2,715,000	438,800	1,425,000	789,250		
2028	0	194,188	7,560,000	3,594,400	2,630,000	357,350	1,925,000	718,000		
2029	0	194,188	7,940,000	3,216,400	2,730,000	252,150	2,100,000	621,750		
2030	0	194,188	8,340,000	2,819,400	2,810,000	170,250	2,170,000	558,750		
2031	1,120,000	194,188	7,670,000	2,402,400	2,865,000	85,950	2,230,000	493,650		
2032	1,160,000	160,588	7,980,000	2,095,600			2,780,000	426,750		
2033	1,210,000	125,788	8,295,000	1,776,400			2,735,000	343,350		
2034	1,255,000	86,463	8,625,000	1,444,600			2,805,000	261,300		
2035	1,305,000	45,675	8,970,000	1,099,600			2,885,000	177,150		
2036			9,110,000	740,800			3,020,000	90,600		
2037			9,410,000	376,400						
	6,050,000	2,263,294	102,155,000	42,698,325	16,350,000	3,526,713	24,075,000	8,032,175	15,465,000	1,194,375

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Independent School District No. 273 (Edina), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 09/30/2021)

	Alternative Facilities Refunding Bonds Series 2020A		Facilities Maintenance Bonds Series 2021A		School Building Bonds Series 2021B							
Dated	11/05/2020		05/27/2021		09/30/2021							
Amount	$9,085,000		$10,585,000		$7,000,000*							
Maturity	02/01		02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2022	245,000	178,175	0	173,443	0	0	7,540,000	3,737,100	11,277,100	183,225,000	3.95%	**2022**
2023	290,000	349,000	0	255,900	0	191,465	8,015,000	7,202,577	15,217,577	175,210,000	8.15%	**2023**
2024	170,000	340,300	0	255,900	0	143,300	7,625,000	6,772,763	14,397,763	167,585,000	12.15%	**2024**
2025	4,175,000	335,200	1,270,000	255,900	0	143,300	7,780,000	6,394,913	14,174,913	159,805,000	16.23%	**2025**
2026	4,205,000	168,200	1,810,000	217,800	0	143,300	10,510,000	6,073,063	16,583,063	149,295,000	21.74%	**2026**
2027			1,340,000	163,500	0	143,300	12,495,000	5,674,188	18,169,188	136,800,000	28.29%	**2027**
2028			1,415,000	123,300	0	143,300	13,530,000	5,130,538	18,660,538	123,270,000	35.38%	**2028**
2029			1,980,000	95,000	0	143,300	14,750,000	4,522,788	19,272,788	108,520,000	43.11%	**2029**
2030			1,970,000	55,400	230,000	143,300	15,520,000	3,941,288	19,461,288	93,000,000	51.25%	**2030**
2031			800,000	16,000	100,000	136,400	14,785,000	3,328,588	18,113,588	78,215,000	59.00%	**2031**
2032					2,730,000	133,400	14,650,000	2,816,338	17,466,338	63,565,000	66.68%	**2032**
2033					1,370,000	78,800	13,610,000	2,324,338	15,934,338	49,955,000	73.81%	**2033**
2034					1,260,000	51,400	13,945,000	1,843,763	15,788,763	36,010,000	81.12%	**2034**
2035					1,310,000	26,200	14,470,000	1,348,625	15,818,625	21,540,000	88.71%	**2035**
2036							12,130,000	831,400	12,961,400	9,410,000	95.07%	**2036**
2037							9,410,000	376,400	9,786,400	0	100.00%	**2037**
	9,085,000	1,370,875	10,585,000	1,612,143	7,000,000	1,620,765	190,765,000	62,318,664	253,083,664			

* Preliminary, subject to change.

Independent School District No. 273 (Edina), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 09/30/2021)

	Certificates of Participation Series 2011C		Building Addition 1) 2014 Lease							
Dated	11/17/2011		02/27/2014							
Amount	$1,615,000		$2,233,000							
Maturity	04/01		01/15 & 07/15							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2022	110,000	25,525	74,446	21,630	184,446	47,155	231,601	1,811,796	9.24%	**2022**
2023	115,000	22,088	152,744	39,408	267,744	61,496	329,240	1,544,052	22.65%	**2023**
2024	120,000	18,350	158,028	34,124	278,028	52,474	330,502	1,266,024	36.58%	**2024**
2025	125,000	14,150	163,495	28,658	288,495	42,808	331,302	977,529	51.03%	**2025**
2026	130,000	9,775	169,151	23,002	299,151	32,777	331,927	678,379	66.02%	**2026**
2027	135,000	5,063	175,002	17,150	310,002	22,213	332,215	368,376	81.55%	**2027**
2028			181,056	11,096	181,056	11,096	192,152	187,320	90.62%	**2028**
2029			187,320	4,832	187,320	4,832	192,152	0	100.00%	**2029**
	735,000	94,950	1,261,242	179,901	1,996,242	274,851	2,271,092			

1) The District entered into a lease purchase agreement in the amount of $1,740,000 on February 27, 2014.
An amendment to the lease was entered into on July 29, 2014 for additional funding in the amount of $493,000

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of its estimated market value. The estimated 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:

2020/21 Economic Market Value	$11,335,226,023
Multiply by 15%	0.15
Statutory Debt Limit	$ 1,700,283,903
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(190,765,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	(1,996,242)
Unused Debt Limit*	$ 1,507,522,661

*Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2020/21 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
Hennepin County	$2,261,068,019	5.2738%	$1,071,610,000 [3]	$ 56,514,568
City of Bloomington	167,302,024	0.9065%	65,635,000	594,981
City of Edina	145,322,698	80.9582%	49,225,000	39,851,674
City of St. Louis Park	84,712,268	0.0904%	67,140,000	60,695
Metropolitan Council	4,884,505,255	2.4413%	193,320,000 [4]	4,719,521
Three Rivers Park District	1,563,969,505	7.6244%	51,320,000	3,912,842
District's Share of Total Overlapping Debt				$105,654,281

DEBT PAYMENT HISTORY

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

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

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

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

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

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value ($11,335,226,023)	Debt/ Current Population Estimate (42,319)
Direct G.O. Debt Being Paid From Taxes (includes the Bonds)*	$190,765,000	1.68%	$4,507.79
District's Share of Total Overlapping Debt	$105,654,281	0.93%	$2,496.62
Total	$296,419,281	2.62%	$7,004.40

*Preliminary, subject to change.

FUTURE FINANCING

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

LEVY LIMITS

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

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

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date[2]	% Collected
2016/17	$51,807,621	$51,679,605	$51,797,098	99.98%
2017/18	54,580,170	54,420,749	54,558,117	99.96%
2018/19	56,216,937	56,013,071	56,153,912	99.89%
2019/20	59,171,142	58,900,349	58,900,349	99.54%
2020/21	60,929,785	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.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Minnesota has not taken such measures. The District cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the District's finances and payment of debt obligations, including the Bonds.

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

2 Collections are through January 1, 2021.

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

TAX CAPACITY RATES[1]

	2016/17	2017/18	2018/19	2019/20	2020/21
I.S.D. No. 273 (Edina Public Schools)	34.798%	30.972%	30.589%	30.589%	31.474%
Hennepin County	44.087%	42.808%	41.861%	41.084%	38.210%
City of Bloomington	42.484%	42.127%	41.581%	41.082%	41.335%
City of Edina	28.271%	27.849%	27.499%	28.082%	28.939%
City of Saint Louis Park	47.861%	48.101%	46.373%	45.066%	44.554%
HCRRA	1.925%	1.962%	1.807%	1.388%	1.323%
Hennepin HRA	0.497%	0.457%	0.535%	0.801%	0.722%
Metropolitan Council	0.883%	0.844%	0.659%	0.616%	0.631%
Metropolitan Mosquito	0.475%	0.456%	0.427%	0.412%	0.381%
Metropolitan Transit	1.463%	1.383%	1.456%	1.433%	1.256%
Park Museum	0.711%	0.710%	0.705%	0.710%	0.707%
Three Rivers Park District	3.365%	3.161%	2.961%	2.859%	2.793%
Referendum Market Value Rates:					
I.S.D. No. 273 (Edina Public Schools)	0.18759%	0.22182%	0.21038%	0.21897%	0.21097%

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

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

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 1,414, including 680 non-licensed employees and 734 licensed employees (709 of whom are teachers). The District provides education for 8,343 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

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

Public Employees' Retirement Association (PERA)

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

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Edina Admin Council	June 30, 2022
Edina Professional Association of Support Staff	June 30, 2022
Education Minnesota/Edina	June 30, 2021
Minnesota School Employee Association	June 30, 2022
Health Service Association Organization	June 30, 2022
Service Employees International Union Local 284	June 30, 2022

Status of Contracts

The contract which expired on June 30, 2021 is currently in negotiations.

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent actuarial study shows a total OPEB liability of $20,603,844 as of July 1, 2020. The District has been funding these obligations on a pay-as-you-go basis.

Source: The District's most recent actuarial study.

STUDENT BODY

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2017/18	539	3,801	4,067	8,407
2018/19	567	3,762	4,029	8,358
2019/20	577	3,759	3,971	8,307
2020/21	591	3,642	3,957	8,190
2021/22	586	3,812	3,945	8,343

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2022/23	586	3,871	3,944	8,401
2023/24	586	3,897	3,941	8,424
2024/25	586	3,897	3,941	8,424

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Concord Elementary	1950	1952, 2002, 2014, 2017
Cornelia Elementary	1962	1999, 2014, 2017
Countryside Elementary	1965	2017
Creek Valley Elementary	1968	2018
Highlands Elementary	1956	2001, 2018
Normandale Elementary	1948	1952, 1964, 2006, 2019
South View Middle School	1954	1993, 2006, 2012, 2019
Valley View Middle School	1964	2006
Edina High School	1972	2006, 2017

FUNDS ON HAND (as of June 30, 2021)

Fund	Total Cash and Investments
General	$65,821,107
Food Service	981,861
Community Service	758,067
Debt Service	(4,397,060)
Building/Construction	103,820
Internal Service	(101,712)
Student Activities	25,555
Total Funds on Hand	$63,191,637

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				
	2018 Audited	2019 Audited	2020 Audited	2020-21 Revised Budget[1]	2021-22 Adopted Budget[2]
Revenues					
Local sources					
Property taxes	$30,235,863	$33,058,228	$33,473,446	$37,788,258	$38,444,210
Investment earnings	472,243	652,518	402,060	150,000	50,000
Other	4,556,855	4,410,361	4,137,029	2,599,419	3,531,147
State sources	73,752,106	76,567,326	78,527,670	81,207,725	83,668,123
Federal sources	1,832,821	2,410,766	1,813,875	5,068,137	3,280,371
Total Revenues	$110,849,888	$117,099,199	$118,354,080	$126,813,539	$128,973,851
Expenditures					
Current:					
Administration	$3,165,048	$3,301,695	$3,009,563	$3,830,800	$3,312,056
District support services	3,252,865	2,918,207	2,800,341	2,666,896	2,680,228
Elementary and secondary regular instruction	55,129,942	55,976,301	56,626,943	59,265,457	57,947,709
Vocational education instruction	437,560	371,717	417,775	170,780	200
Special education instruction	19,799,024	21,165,695	22,535,544	23,635,830	24,605,281
Instructional support services	5,826,639	5,720,643	5,600,116	7,396,384	9,309,657
Pupil support services	10,026,345	10,536,840	10,138,725	9,665,873	10,495,302
Sites and buildings	9,665,421	12,863,141	15,903,909	20,400,268	18,410,860
Fiscal and other fixed cost programs	306,141	252,778	305,513	504,300	501,914
Debt service	330,273	332,215	329,072	0	0
Total Expenditures	$107,939,258	$113,439,232	$117,667,501	$127,536,588	$127,263,207
Excess of revenues over (under) expenditures	$2,910,630	$3,659,967	$686,579	($723,049)	$1,710,644
Other Financing Sources (Uses)					
Proceeds from capital leases	$0	$0	$0	$0	$0
Operating transfers out	(7,866,783)	(3,213,503)	0	(1,558,215)	(1,732,665)
Total Other Financing Sources (Uses)	(7,866,783)	(3,213,503)	0	(1,558,215)	(1,732,665)
Net changes in Fund Balances	($4,956,153)	$446,464	$686,579	($2,281,264)	($22,021)
General Fund Balance July 1	$18,692,155	$13,736,002	$14,182,466	$14,894,094	$12,612,830
Prior Period Adjustment	0	0	25,049	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance June 30	$13,736,002	$14,182,466	$14,894,094	$12,612,830	$12,590,809
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$714,427	$31,133	$0	$0	$0
Restricted	3,289,820	2,814,296	1,459,232	458,930	855,779
Committed	927,819	1,037,614	1,068,409	1,068,409	1,068,409
Assigned	3,535,342	3,534,808	3,752,941	3,404,995	3,279,580
Unassigned	5,268,594	6,764,615	8,613,512	7,680,496	7,387,041
Total	$13,736,002	$14,182,466	$14,894,094	$12,612,830	$12,590,809

1 The revised 2020-21 budget was adopted on March 8, 2021. Although the revised budget for fiscal year 2020-21 shows a reduction in the total general fund balance of $2.3 million, much of this is attributable to the District's budgeting practices, in which funds budgeted but unspent in one year are set aside in restricted or assigned fund balances and automatically added to the expenditures budget for the next year. Those restricted and assigned fund balances are never fully spent, leading to higher year-end fund balances than budgeted.

2 The 2021-22 budget was adopted on June 21, 2021.

GENERAL INFORMATION

LOCATION

The District, with a 2010 U.S. Census population of 39,307 and a current population estimate of 42,319, and comprising an area of 8,179 acres, is located approximately 12 miles southwest of the Minneapolis-St. Paul metropolitan area.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 273 (Edina Public Schools)	Elementary and secondary education	1,414
Bi Worldwide	Marketing consulting services	947
Regis Corporation	Corporate office and beauty supplies	900
City of Edina	Municipal government and services	795
Dow Film Tec/DuPont	Water purification/filtration	600 [2]
Lund Food Holdings	Parent company of Lund's and Byerly's grocery stores	500 [3]
Western National Insurance Group	Insurance- holding company	420
Target	Retail	375
Spartan Nash	Organic food products & services	350
Gabberts Design Studio-Fine	Furniture dealers	300

Source: *Data Axle Reference Solutions, written and telephone survey (July, 2021), and the Minnesota Department of Employment and Economic Development.*

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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. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors - Impact of the Spread of COVID-19").

2 Total number of employees is as of April 2021.

3 Includes total number of employees for the corporate office and two retail locations within District limits.

U.S. CENSUS DATA

Population Trend: The District

2000 U.S. Census population	39,835
2010 U.S. Census population	39,307
2019 Population Estimate	42,319
Percent of Change 2000 - 2010	-1.33%

Income and Age Statistics

	The District	**Hennepin County**	**State of Minnesota**	**United States**
2019 per capita income	$75,092	$45,768	$37,625	$34,103
2019 median household income	$126,400	$78,167	$71,306	$62,843
2019 median family income	$163,426	$105,514	$89,842	$77,263
2019 median gross rent	$1,378	$1,135	$977	$1,062
2019 median value owner occupied units	$528,000	$276,900	$223,900	$217,500
2019 median age	43.7 yrs.	36.5 yrs.	38.0 yrs.	38.1 yrs.

	State of Minnesota	**United States**
District % of 2019 per capita income	199.58%	220.19%
District % of 2019 median family income	181.90%	211.52%

Source: *2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (https://data.census.gov/cedsci).*

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	**Average Unemployment**	
Year	**Hennepin County**	**Hennepin County**	**State of Minnesota**
2017	677,696	3.0%	3.4%
2018	685,853	2.5%	3.0%
2019	691,497	2.8%	3.2%
2020	662,530	6.2%	6.2%
2021, June	666,898	4.8%	4.4%

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.

INDEPENDENT SCHOOL DISTRICT NO. 273
EDINA, MINNESOTA

Financial Statements
and Supplemental Information

Year Ended
June 30, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 273

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INTRODUCTORY SECTION

INDEPENDENT SCHOOL DISTRICT NO. 273

School Board and Administration
Year Ended June 30, 2020

SCHOOL BOARD

	Position
Erica Allenburg	Chair
Leny Wallen-Friedman	Vice Chair
Matthew Fox	Treasurer
Ellen Jones	Clerk
Owen Michaelson	Assistant Treasurer
Julie Greene	Assistant Clerk
Janie Shaw	Assistant Clerk

ADMINISTRATION

Dr. John Schultz	Superintendent
John Toop	Director of Business Services
Ra Chhoth	Controller

FINANCIAL SECTION

A-5

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 273
Edina, 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. 273, Edina, Minnesota (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and other District information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The 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 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 of the District. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

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

(continued)

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

Prior Year Comparative Information

We have previously audited the District's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 13, 2019. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
December 28, 2020

INDEPENDENT SCHOOL DISTRICT NO. 273

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2020

This section of Independent School District No. 273, Edina, Minnesota's (the District) annual financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 by $45,905,423 (net position deficit). The District's total net position decreased by $3,800,545 during the fiscal year ended June 30, 2020, excluding the change in accounting principle discussed below.

- The District recorded a change in accounting principle in the current year with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* which changed the way the District reports certain fiduciary activities. The implementation of this standard increased both beginning governmental net position and beginning fund balance in the General Fund by $25,049.

- Government-wide revenues totaled $151,356,618, and were $3,800,545 less than expenses of $155,157,163.

- The General Fund's total fund balance (under the governmental fund presentation) increased $686,579 during the year, compared to a $3,487,491 decrease projected in the final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;

- Management's discussion and analysis;

- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;

- Required supplementary information; and

- Combining and individual fund statements and schedules, presented as supplemental information.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes *all* of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

- To assess the overall health of the District requires consideration of additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America. Some funds are required by state law and by bond covenants. The District can establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. Internal Service Funds are used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for its self-insured employee dental program. These services have been included within governmental activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary Statement of Net Position
as of June 30, 2020 and 2019

	2020	2019
Assets		
Current and other assets	$ 105,091,262	$ 115,151,833
Capital assets, net of depreciation	265,650,906	258,530,095
Total assets	$ 370,742,168	$ 373,681,928
Deferred outflows of resources	$ 63,408,060	$ 91,317,446
Liabilities		
Current and other liabilities	$ 20,108,608	$ 20,581,933
Long-term liabilities, including due within one year	309,256,097	318,756,300
Total liabilities	$ 329,364,705	$ 339,338,233
Deferred inflows of resources	$ 150,690,946	$ 167,791,068
Net position		
Net investment in capital assets	$ 69,414,627	$ 64,290,068
Restricted	11,777,774	14,352,180
Unrestricted	(127,097,824)	(120,772,175)
Total net position	$ (45,905,423)	$ (42,129,927)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, may produce a significant difference in the calculated amounts. Another major difference between net position and fund balances are the liabilities for long-term severance, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

The District's total net position decreased by $3,800,545 in fiscal 2020, excluding the change in accounting principle as previously discussed. The increase in net investment in capital assets is due to the relationship between the rate at which the capital assets are added and depreciated, versus the rate at which the related debt is repaid. Reductions in resources restricted for capital asset acquisition, food service, and community service resulted in the decrease in restricted net position. The change in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position.

Table 2 presents a condensed version of the Statement of Activities of the District:

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2020 and 2019

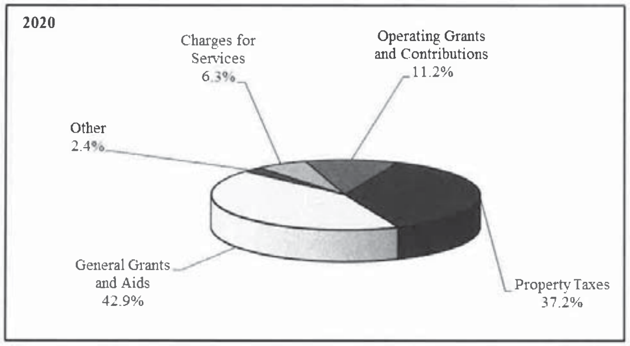
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 9,600,637	$ 11,348,284
Operating grants and contributions	16,936,588	16,423,646
General revenues		
Property taxes	56,335,374	54,615,541
General grants and aids	64,777,362	59,507,776
All other	3,706,657	2,840,116
Total revenues	151,356,618	144,735,363
Expenses		
Administration	3,355,426	2,218,112
District support services	2,831,412	2,656,587
Elementary and secondary regular instruction	64,939,467	40,403,099
Vocational education instruction	584,027	238,186
Special education instruction	24,253,131	15,671,871
Instructional support services	6,123,950	4,044,870
Pupil support services	11,019,797	10,039,710
Sites and buildings	24,750,786	23,315,175
Fiscal and other fixed cost programs	305,513	252,778
Food service	2,637,069	2,922,698
Community service	8,103,181	7,444,575
Interest and fiscal charges	6,253,404	6,186,183
Total expenses	155,157,163	115,393,844
Change in net position	(3,800,545)	29,341,519
Net position – beginning, as previously reported	(42,129,927)	(71,471,446)
Change in accounting principle	25,049	–
Net position – beginning, as restated	(42,104,878)	(71,471,446)
Net position – ending	$ (45,905,423)	$ (42,129,927)

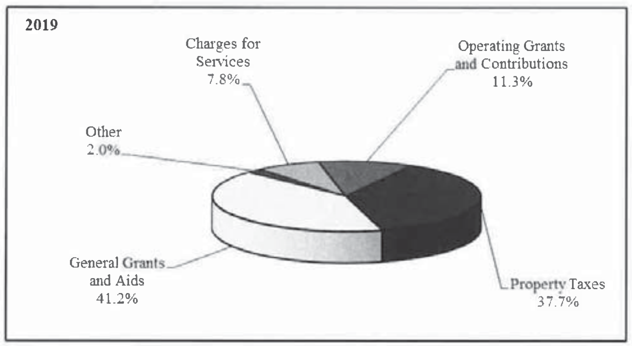
This format is similar to the fund financial statements, except it is presented on an accrual basis of accounting, and includes all governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt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

Total revenues for fiscal year 2020 were $6,621,255 greater than last year, mainly due to increases in property taxes, state general and special education aid, and state pass-through pension contributions. Expenses increased $39,763,319 compared to fiscal year 2019 levels, mainly due to the change in the PERA and the TRA pension plans mentioned earlier, along with natural inflationary increases.

Figures A and B show further analysis of these revenue sources and expense functions:

Figure A – Sources of Revenues for Fiscal Years 2020 and 2019



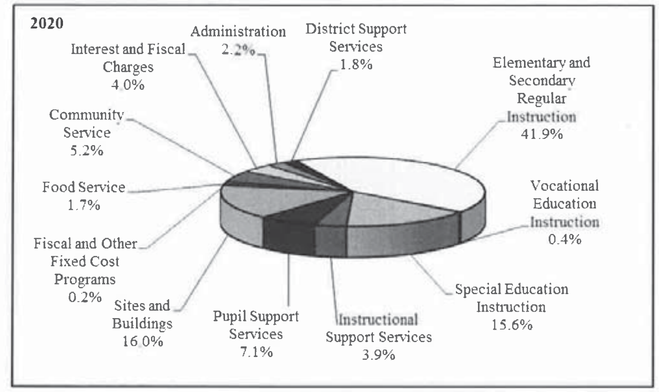


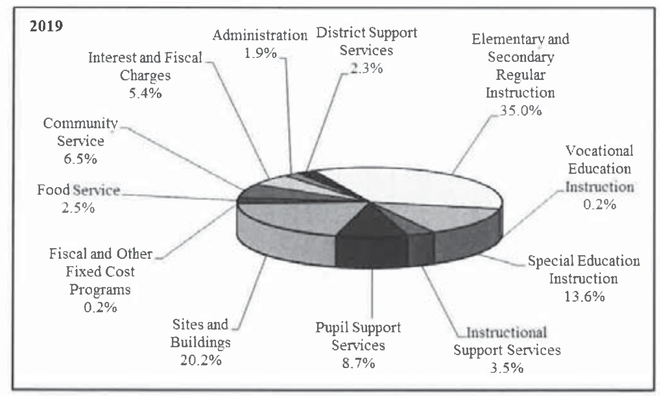
The largest share of the District's revenue is received from the state, including the aid formula and most of the operating grants.

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

The decrease in charges for services, compared to the prior year, was directly related to the COVID-19 pandemic, which caused the cancellation of numerous activities beginning in March through the end of the fiscal year.

Figure B – Expenses for Fiscal Years 2020 and 2019





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

The significant year-to-year change in the percentage of expenses incurred in several program areas shown above, was attributable to the change in expenses related to the two state-wide pension plans, which caused greater fluctuations in program areas with a higher proportion of salaries.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3
Governmental Fund Balances
as of June 30, 2020 and 2019

	2020	2019	Change
Major funds			
General	$ 14,894,094	$ 14,182,466	$ 711,628
Capital Projects – Building Construction	12,413,939	25,077,215	(12,663,276)
Debt Service	3,026,960	2,596,972	429,988
Nonmajor funds			
Food Service Special Revenue	927,125	1,100,255	(173,130)
Community Service Special Revenue	528,055	932,204	(404,149)
Total governmental funds	$ 31,790,173	$ 43,889,112	$ (12,098,939)

In the General Fund, nonspendable fund balances for prepaid items decreased $31,133. Fund balances restricted for various purposes decreased $14,165,631, mainly due to the District spending down restricted fund balance in the Capital Projects – Building Construction Fund for construction projects. Fund balances committed by School Board resolution for cash flow needs increased $30,795. Fund balances assigned for various purposes increased $218,133. Unassigned fund balances, which include Uniform Financial Accounting and Reporting Standards fund balance restrictions with deficit balances, increased $1,848,897 during the year, due to General Fund operations.

General Fund

The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. The General Fund is used to account for: K–12 educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and other legal school district expenditures not specifically designated to be accounted for in any other fund.

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 116,325,703	$ 118,267,172	$ 1,941,469	1.7%
Expenditures	$ 114,609,781	$ 120,565,910	$ 5,956,129	5.2%
Transfers (out)	$ (1,244,490)	$ (1,188,753)	$ 55,737	(4.5%)

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. In the fall and spring, the District amends the budget for known changes in circumstances such as enrollment levels, legislative funding, staffing changes, employee contract settlements, and prior year carryover balances. Between the original and final budget, the District increased both the revenue and expenditure budgets for these factors.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2020 Actual	Amount	Percent	Amount	Percent
Revenue	$118,354,080	$ 86,908	0.1%	$ 1,254,881	1.1%
Expenditures	117,667,501	$ (2,898,409)	(2.4%)	$ 4,228,269	3.7%
Transfers (out)	–	$ 1,188,753	100.0%	$ 3,213,503	100.0%
Net change in fund balances	$ 686,579				

Actual revenues for fiscal year 2020 were 0.1 percent over budget. The revenue variance was primarily in other local revenue sources such as rent and fees from patrons, which the District budgets conservatively due to their unpredictable nature.

The budget-to-actual variance in expenditures was spread across several programs, with the largest savings occurring in elementary and secondary regular instruction, instructional support services, and sites and buildings, primarily due to the District implementing a distance learning model and COVID-19 restrictions.

An increase in the District's voter-approved operating referendum tax levy, along with additional state funding for general education and special education, contributed to the 1.1 percent increase in total General Fund revenue.

The increase in expenditures compared to the prior year, was mainly due to higher special education costs, and more long-term facilities maintenance (LTFM) projects accounted for in the General Fund than the previous year, along with growth in remaining expenditures consistent with regional inflationary trends.

The District did not make a planned transfer of $1.2 million to the Capital Projects – Building Construction Fund for LTFM projects. A transfer out of $3.2 million was made for this purpose in the prior year.

Food Service Special Revenue Fund

Food Service Special Revenue Fund revenue for fiscal year 2020 totaled $2,475,919, and expenditures were $2,649,049. The June 30, 2020 fund balance is $927,125, a decrease of $173,130 from fiscal year 2019, compared to a budgeted decrease of $259,649. Revenue and expenditures were under budget by $469,833 and $556,352, respectively, due to changes in the District's child nutrition program resulting from the COVID-19 pandemic.

Community Service Special Revenue Fund

Community Service Special Revenue Fund revenue for fiscal year 2020 totaled $7,453,883, and expenditures were $7,858,032. The June 30, 2020 fund balance is $528,055, a decrease of $404,149 from fiscal year 2019, compared to a budgeted increase of $82,988. Revenue and expenditures were under budget by $873,086 and $385,949, respectively, due to the cancellation of numerous activities beginning in March through the end of the fiscal year, due to COVID-19 restrictions.

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund revenue for fiscal year 2020 totaled $7,027,724, and expenditures were $19,691,000. The June 30, 2020 fund balance is $12,413,939, a decrease of $12,663,276 from fiscal year 2019, compared to a planned decrease of $11,157,879. This variance was mainly due to the timing of capital projects.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, operating capital, or for initial or refunding bonds. Debt Service Fund revenue for fiscal year 2020 totaled $16,109,011, and expenditures were $15,735,561. The District also issued refunding bonds during the year to redeem $21,895,000 of outstanding debt and replace it with bonds at a more favorable interest rate. The June 30, 2020 fund balance is $3,026,960, an increase of $429,988 from fiscal year 2019, as compared to a $889,502 increase anticipated in the budget.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2020, the District had invested $265,650,906 in a broad range of capital assets, including school buildings, athletic facilities, and technology and equipment (see Table 6). Total depreciation expense for this year was $12,135,663.

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ended June 30, 2020 and 2019.

Table 6
Capital Assets

	2020	2019	Change
Land	$ 5,240,001	$ 5,240,001	$ –
Land improvements	26,542,807	25,704,218	838,589
Buildings	346,558,478	298,445,773	48,112,705
Furniture and equipment	21,677,137	18,787,927	2,889,210
Construction in progress	13,579,584	46,163,614	(32,584,030)
Less accumulated depreciation	(147,947,101)	(135,811,438)	(12,135,663)
Total	$ 265,650,906	$ 258,530,095	$ 7,120,811
Depreciation expense	$ 12,135,663	$ 10,132,336	$ 2,003,327

The changes presented in the table above reflect the ongoing construction activity at various district sites during fiscal year 2020. The most significant change from last year is in buildings and construction in progress, which reflects the completion of several significant projects related to previously issued building bonds and the 10-year LTFM plan.

The District capitalizes furniture, equipment, and also land improvements valued at $5,000 or more.

Long-Term Liabilities

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

Table 7
Outstanding Long-Term Liabilities

	2020	2019	Change
General obligation bonds payable	$ 181,575,000	$ 191,720,000	$ (10,145,000)
Certificates of participation payable	845,000	950,000	(105,000)
Unamortized premiums	13,282,191	15,481,849	(2,199,658)
Capital leases payable	1,477,131	1,615,060	(137,929)
Severance benefits payable	626,667	694,605	(67,938)
Net pension liabilities	90,846,264	89,050,545	1,795,719
Total OPEB liability	20,603,844	19,244,241	1,359,603
Total	$ 309,256,097	$ 318,756,300	$ (9,500,203)

The decreases in general obligation bonds payable, certificates of participation payable, and capital leases payable were due to scheduled principal repayments during fiscal year 2020, along with the bond refunding discussed previously. The difference in the net pension and OPEB liabilities reflects the changes in the District's proportionate share of the state-wide PERA and TRA pension plans, along with changes in the District's pension and OPEB plans.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8).

Table 8
Limitations on Debt

District's market value	$ 10,497,608,075
Limit rate	15.0%
Legal debt limit	$ 1,574,641,211

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

Aside from local voter-approved excess operating referenda, the majority of the District's revenue authority is derived from state funding formulas. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs, due to inflation. The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and consequently, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added $129, or 2 percent, per pupil to the formula for fiscal year 2021.

Annually, the School Board approves a rolling 10-year LTFM plan. Goals of the plan are to support learning environment and initiatives for students, staff, and community; increase long-term facilities funding of annual deferred maintenance to meet ongoing needs; address backlog of deferred maintenance in buildings; improve energy efficiency; support strategic plan initiatives; and minimize impact to taxpayers. In conformance with this 10-year plan, the District issued in Spring 2019, $24.1 million in LTFM bonds. The plan invests approximately $15.0 million biannually in the remaining years of the LTFM plan to improve mechanical systems, exterior envelope, and paving throughout the District. In accordance with the District's approved 10-year LTFM plan, the District intends to issue LTFM bonds of approximately $13,575,000 in Spring 2021.

In Fall 2020, the District refinanced its 2013 Building Bonds and continued to maintain its top credit rating from one of the leading global rating agencies. Moody's Investors Service reaffirmed its Aaa rating of the District, the highest assigned by Moody's. The Aaa rating allows the District to obtain the lowest interest rates available when borrowing money by issuing bonds and certificates. The District is one of three districts in the state to have the highest rating.

In November 2017, the District was successful in its request to renew and increase the existing operating levy scheduled to sunset in 2018–2019. The voters approved the increase in a two-step process, with an increase for taxes payable in 2018 of $445 per pupil unit, and an increase of $217.61 per pupil unit for taxes payable starting in 2020. The increase in the operating referendum has maintained the quality of programs and services expected in Edina.

The District strives to maintain its longstanding commitment to academic excellence and educational opportunity for learners within a framework of financial fiduciary responsibility.

The COVID-19 pandemic has impacted how the District provides instruction, completing the 2019–2020 school year with distance learning. Increased expenditures for staffing, personal protective equipment, sanitation supplies, and technology are expected in the upcoming fiscal year as the pandemic continues. The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic may impact District enrollment, which in turn could impact district revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements or need additional financial information, contact the Business Services Department, Independent School District No. 273, 5701 Normandale Road, Edina, Minnesota 55424, or visit the District's website at www.edinaschools.org.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Net Position
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	Governmental Activities	
	2020	2019
Assets		
Cash and temporary investments	$ 63,085,769	$ 75,342,730
Receivables		
Current taxes	30,910,894	28,163,663
Delinquent taxes	473,701	437,198
Accounts and interest	290,250	704,643
Due from other governmental units	10,330,648	10,472,466
Prepaid items	–	31,133
Capital assets		
Not depreciated	18,819,585	51,403,615
Depreciated, net of accumulated depreciation	246,831,321	207,126,480
Total assets	370,742,168	373,681,928
Deferred outflows of resources		
Pension plan deferments	61,864,735	90,306,489
OPEB Plan deferments	1,543,325	1,010,957
Total deferred outflows of resources	63,408,060	91,317,446
Total assets and deferred outflows of resources	$ 434,150,228	$ 464,999,374
Liabilities		
Salaries and benefits payable	$ 10,964,182	$ 11,278,469
Accounts and contracts payable	4,733,470	5,267,795
Accrued interest payable	3,295,919	3,019,481
Due to other governmental units	540,644	279,392
Unearned revenue	574,393	736,796
Long-term liabilities		
Net pension liabilities	90,846,264	89,050,545
Total OPEB liability	20,603,844	19,244,241
Bonds, certificates, capital leases, and other due within one year	7,599,598	8,685,972
Bonds, certificates, capital leases, and other due in more than one year	190,206,391	201,775,542
Total liabilities	329,364,705	339,338,233
Deferred inflows of resources		
Bond refunding deferments	2,556,458	–
Property taxes levied for subsequent year	55,491,894	52,721,434
Pension plan deferments	91,498,816	113,762,458
OPEB Plan deferments	1,143,778	1,307,176
Total deferred inflows of resources	150,690,946	167,791,068
Net position		
Net investment in capital assets	69,414,627	64,290,068
Restricted for		
Capital asset acquisition	10,242,776	12,305,809
Food service	927,125	1,100,255
Community service	476,979	887,296
Other state restrictions	130,894	58,820
Unrestricted	(127,097,824)	(120,772,175)
Total net position	(45,905,423)	(42,129,927)
Total liabilities, deferred inflows of resources, and net position	$ 434,150,228	$ 464,999,374

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Activities
Year Ended June 30, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

Functions/Programs	2020 Expenses	2020 Program Revenues – Charges for Services	2020 Program Revenues – Operating Grants and Contributions	2020 Net (Expense) Revenue and Changes in Net Position – Governmental Activities	2019 Net (Expense) Revenue and Changes in Net Position – Governmental Activities
Governmental activities					
Administration	$ 3,355,426	$ 44,794	$ –	$ (3,310,632)	$ (2,184,600)
District support services	2,831,412	–	–	(2,831,412)	(2,656,587)
Elementary and secondary regular instruction	64,939,467	1,430,084	354,424	(63,154,959)	(38,262,799)
Vocational education instruction	584,027	–	–	(584,027)	(238,186)
Special education instruction	24,253,131	115,553	14,327,311	(9,810,267)	(1,373,724)
Instructional support services	6,123,950	–	–	(6,123,950)	(4,044,870)
Pupil support services	11,019,797	23,487	912,378	(10,083,932)	(9,213,347)
Sites and buildings	24,750,786	569,743	–	(24,181,043)	(22,805,415)
Fiscal and other fixed cost programs	305,513	–	–	(305,513)	(252,778)
Food service	2,637,069	1,640,049	810,134	(186,886)	87,759
Community service	8,103,181	5,776,927	532,341	(1,793,913)	(491,184)
Interest and fiscal charges	6,253,404	–	–	(6,253,404)	(6,186,183)
Total governmental activities	$ 155,157,163	$ 9,600,637	$ 16,936,588	(128,619,938)	(87,621,914)
General revenues					
Taxes					
Property taxes, levied for general purposes				33,408,171	33,151,451
Property taxes, levied for community service				1,116,918	1,074,332
Property taxes, levied for capital projects				5,914,554	5,300,000
Property taxes, levied for debt service				15,895,731	15,089,758
General grants and aids				64,777,362	59,507,776
Other general revenues				2,674,991	1,852,396
Investment earnings				1,031,666	987,720
Total general revenues				124,819,393	116,963,433
Change in net position				(3,800,545)	29,341,519
Net position – beginning, as previously reported				(42,129,927)	(71,471,446)
Change in accounting principle				25,049	–
Net position – beginning, as restated				(42,104,878)	(71,471,446)
Net position – ending				$ (45,905,423)	$ (42,129,927)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Balance Sheet
Governmental Funds
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 33,419,553	$ 16,351,081	$ 10,056,001
Receivables			
Current taxes	22,662,888	–	7,674,548
Delinquent taxes	342,628	–	120,382
Accounts and interest	246,751	2,362	–
Due from other governmental units	10,155,617	–	–
Prepaid items	–	–	–
Total assets	$ 66,827,437	$ 16,353,443	$ 17,850,931
Liabilities			
Salaries and benefits payable	$ 10,758,562	$ 18,615	$ –
Accounts and contracts payable	690,549	3,920,889	–
Due to other governmental units	530,457	–	–
Unearned revenue	–	–	–
Total liabilities	11,979,568	3,939,504	–
Deferred inflows of resources			
Property taxes levied for subsequent year	39,665,864	–	14,725,692
Unavailable revenue – delinquent taxes	287,911	–	98,279
Total deferred inflows of resources	39,953,775	–	14,823,971
Fund balances			
Nonspendable	–	–	–
Restricted	1,459,232	12,413,939	3,026,960
Committed	1,068,409	–	–
Assigned	3,752,941	–	–
Unassigned	8,613,512	–	–
Total fund balances	14,894,094	12,413,939	3,026,960
Total liabilities, deferred inflows of resources, and fund balances	$ 66,827,437	$ 16,353,443	$ 17,850,931

See notes to basic financial statements

	Total Governmental Funds	
Nonmajor Funds	2020	2019
$ 2,642,248	$ 62,468,883	$ 74,835,080
573,458	30,910,894	28,163,663
10,691	473,701	437,198
16,181	265,294	680,810
175,031	10,330,648	10,472,466
–	–	31,133
$ 3,417,609	$ 104,449,420	$ 114,620,350
$ 187,005	$ 10,964,182	$ 11,278,469
81,395	4,692,833	5,225,917
10,187	540,644	279,392
574,393	574,393	736,796
852,980	16,772,052	17,520,574
1,100,338	55,491,894	52,721,434
9,111	395,301	489,230
1,109,449	55,887,195	53,210,664
–	–	31,133
1,455,180	18,355,311	32,520,942
–	1,068,409	1,037,614
–	3,752,941	3,534,808
–	8,613,512	6,764,615
1,455,180	31,790,173	43,889,112
$ 3,417,609	$ 104,449,420	$ 114,620,350

INDEPENDENT SCHOOL DISTRICT NO. 273

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	2020	2019
Total fund balances – governmental funds	$ 31,790,173	$ 43,889,112
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	413,598,007	394,341,533
Accumulated depreciation	(147,947,101)	(135,811,438)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(181,575,000)	(191,720,000)
Certificates of participation payable	(845,000)	(950,000)
Unamortized premiums	(13,282,191)	(15,481,849)
Capital leases payable	(1,477,131)	(1,615,060)
Severance benefits payable	(626,667)	(694,605)
Net pension liabilities	(90,846,264)	(89,050,545)
Total OPEB liability	(20,603,844)	(19,244,241)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.	601,205	489,605
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(3,295,919)	(3,019,481)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	61,864,735	90,306,489
Deferred outflows of resources – OPEB Plan deferments	1,543,325	1,010,957
Deferred inflows of resources – bond refunding deferments	(2,556,458)	–
Deferred inflows of resources – pension plan deferments	(91,498,816)	(113,762,458)
Deferred inflows of resources – OPEB Plan deferments	(1,143,778)	(1,307,176)
Deferred inflows of resources – unavailable revenue – delinquent taxes	395,301	489,230
Total net position – governmental activities	$ (45,905,423)	$ (42,129,927)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 33,473,446	$ 5,914,554	$ 15,922,424
Investment earnings	402,060	391,547	186,587
Other	4,137,029	721,623	–
State sources	78,527,670	–	–
Federal sources	1,813,875	–	–
Total revenue	118,354,080	7,027,724	16,109,011
Expenditures			
Current			
Administration	3,009,563	–	–
District support services	2,800,341	–	–
Elementary and secondary regular instruction	56,626,943	–	–
Vocational education instruction	417,775	–	–
Special education instruction	22,535,544	–	–
Instructional support services	5,600,116	–	–
Pupil support services	10,138,725	–	–
Sites and buildings	15,903,909	–	–
Fiscal and other fixed cost programs	305,513	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	19,691,000	–
Debt service			
Principal	242,929	–	8,140,000
Interest and fiscal charges	86,143	–	7,595,561
Total expenditures	117,667,501	19,691,000	15,735,561
Excess (deficiency) of revenue over expenditures	686,579	(12,663,276)	373,450
Other financing sources (uses)			
Bonds issued	–	–	19,890,000
Premium on bonds issued	–	–	2,061,538
Payment on refunded debt	–	–	(21,895,000)
Transfers in	–	–	–
Transfers (out)	–	–	–
Total other financing sources (uses)	–	–	56,538
Net change in fund balances	686,579	(12,663,276)	429,988
Fund balances			
Beginning of year, as previously reported	14,182,466	25,077,215	2,596,972
Change in accounting principle	25,049	–	–
Beginning of year, as restated	14,207,515	25,077,215	2,596,972
End of year	$ 14,894,094	$ 12,413,939	$ 3,026,960

See notes to basic financial statements

		Total Governmental Funds	
	Nonmajor Funds	2020	2019
	$ 1,118,879	$ 56,429,303	$ 54,484,845
	51,472	1,031,666	987,720
	7,416,976	12,275,628	13,200,680
	640,965	79,168,635	77,151,756
	701,510	2,515,385	3,059,848
	9,929,802	151,420,617	148,884,849
	–	3,009,563	3,301,695
	–	2,800,341	2,918,207
	–	56,626,943	55,976,301
	–	417,775	371,717
	–	22,535,544	21,165,695
	–	5,600,116	5,720,643
	–	10,138,725	10,536,840
	–	15,903,909	12,863,141
	–	305,513	252,778
	2,371,549	2,371,549	2,934,016
	7,805,415	7,805,415	7,885,155
	330,117	20,021,117	27,983,835
	–	8,382,929	7,643,316
	–	7,681,704	7,552,759
	10,507,081	163,601,143	167,106,098
	(577,279)	(12,180,526)	(18,221,249)
	–	19,890,000	24,075,000
	–	2,061,538	1,208,440
	–	(21,895,000)	–
	–	–	3,213,503
	–	–	(3,213,503)
	–	56,538	25,283,440
	(577,279)	(12,123,988)	7,062,191
	2,032,459	43,889,112	36,826,921
	–	25,049	–
	2,032,459	43,914,161	36,826,921
	$ 1,455,180	$ 31,790,173	$ 43,889,112

INDEPENDENT SCHOOL DISTRICT NO. 273

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

	2020	2019
Total net change in fund balances – governmental funds	$ (12,123,988)	$ 7,062,191
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	19,256,474	23,813,888
Depreciation expense	(12,135,663)	(10,132,336)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	111,600	5,238
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(19,890,000)	(24,075,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds and certificates of participation	30,140,000	7,510,000
Capital leases payable	137,929	133,316
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(276,438)	24,623
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	2,199,658	133,513
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Severance benefits payable	67,938	(78,375)
Net pension liabilities	(1,795,719)	129,582,380
Total OPEB liability	(1,359,603)	666,648
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plan deferments	(28,441,754)	(25,224,208)
Deferred outflows of resources – OPEB Plan deferments	532,368	29,250
Deferred inflows of resources – bond refunding deferments	(2,556,458)	–
Deferred inflows of resources – pension plan deferments	22,263,642	(78,933,129)
Deferred inflows of resources – OPEB Plan deferments	163,398	(1,307,176)
Deferred inflows of resources – unavailable revenue – delinquent taxes	(93,929)	130,696
Change in net position – governmental activities	$ (3,800,545)	$ 29,341,519

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2020

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 33,424,868	$ 33,631,398	$ 33,473,446	$ (157,952)
Investment earnings	599,999	599,999	402,060	(197,939)
Other	2,624,212	3,575,687	4,137,029	561,342
State sources	77,673,380	78,627,470	78,527,670	(99,800)
Federal sources	2,003,244	1,832,618	1,813,875	(18,743)
Total revenue	116,325,703	118,267,172	118,354,080	86,908
Expenditures				
Current				
Administration	3,066,449	3,151,830	3,009,563	(142,267)
District support services	2,833,739	2,847,650	2,800,341	(47,309)
Elementary and secondary regular instruction	55,250,944	57,764,946	56,626,943	(1,138,003)
Vocational education instruction	532,146	364,303	417,775	53,472
Special education instruction	21,467,445	21,856,578	22,535,544	678,966
Instructional support services	6,099,491	6,792,688	5,600,116	(1,192,572)
Pupil support services	9,972,570	10,457,811	10,138,725	(319,086)
Sites and buildings	14,725,870	16,660,977	15,903,909	(757,068)
Fiscal and other fixed cost programs	332,000	340,000	305,513	(34,487)
Debt service				
Principal	238,316	238,316	242,929	4,613
Interest and fiscal charges	90,811	90,811	86,143	(4,668)
Total expenditures	114,609,781	120,565,910	117,667,501	(2,898,409)
Excess (deficiency) of revenue over expenditures	1,715,922	(2,298,738)	686,579	2,985,317
Other financing (uses)				
Transfers (out)	(1,244,490)	(1,188,753)	–	1,188,753
Net change in fund balances	$ 471,432	$ (3,487,491)	686,579	$ 4,174,070
Fund balances				
Beginning of year, as previously reported			14,182,466	
Change in accounting principle			25,049	
Beginning of year, as restated			14,207,515	
End of year			$ 14,894,094	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Net Position
Proprietary Fund
Internal Service Fund
as of June 30, 2020
(With Partial Comparative Information as of June 30, 2019)

	2020	2019
Assets		
Current assets		
Cash and temporary investments	$ 616,886	$ 507,650
Accounts receivable	24,956	23,833
Total assets	641,842	531,483
Liabilities		
Current liabilities		
Accounts and contracts payable	40,637	41,878
Net position		
Unrestricted	$ 601,205	$ 489,605

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Fund
Internal Service Fund
Year Ended June 30, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

	2020	2019
Operating revenue		
Charges for services	$ 855,860	$ 872,731
Operating expenses		
Dental claims and expenses	744,260	867,493
Operating income	111,600	5,238
Net position		
Beginning of year	489,605	484,367
End of year	$ 601,205	$ 489,605

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 273

Statement of Cash Flows
Proprietary Fund
Internal Service Fund
Year Ended June 30, 2020
(With Partial Comparative Information for the Year Ended June 30, 2019)

	2020	2019
Cash flows from operating activities		
Contributions from governmental funds	$ 854,737	$ 872,407
Dental claims and other expense payments	(745,501)	(863,143)
Net cash flows from operating activities	109,236	9,264
Cash and temporary investments		
Beginning of year	507,650	498,386
End of year	$ 616,886	$ 507,650
Reconciliation of operating income to net cash flows from operating activities		
Operating income	$ 111,600	$ 5,238
Adjustments to reconcile operating income to net cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	(1,123)	(324)
Accounts and contracts payable	(1,241)	4,350
Net cash flows from operating activities	$ 109,236	$ 9,264

See notes to basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Organization

Independent School District No. 273, Edina, Minnesota (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District serves pre-kindergarten through 12th grade students attending the District either as a resident of the District or through an open enrollment option election. It is governed by a School Board elected by voters of the District to four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The District's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements. Transactions representing interfund services provided and used are not eliminated in the consolidation process to the government-wide financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 60 days after year-end. Grants and similar revenues 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. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Internal service funds are presented in proprietary fund financial statements. Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes. Because the principal users of the internal services are the District's governmental activities, the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. An internal service fund accounts for the financing of goods or services provided by one department to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The principal operating revenue of the District's Internal Service Fund is charges to other district funds for service. Operating expenses for the Internal Service Fund include the costs of providing services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is the government's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue, capital project levies, or the Long-Term Facilities Maintenance Program.

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

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Fund – The District's Internal Service Fund is used to account for dental insurance offered by the District to its employees as a self-insured plan.

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. Actual expenditures for the year ended June 30, 2020 exceeded budgeted appropriations by $386,236 in the Capital Projects – Building Construction Fund and by $583,546 in the Debt Service Fund. Revenues and other financing sources in excess of budget, along with available fund balances, financed these variances.

F. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Temporary Investments

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

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

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

H. Receivables

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

I. Prepaid Items

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

J. Property Taxes

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

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $3,819,001 of the property tax levy collectible in 2020 as revenue to the District in fiscal year 2019–2020. The remaining portion of the taxes collectible in 2020 is reported as a deferred inflow of resources (property taxes levied for subsequent year).

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

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District does not possess material amounts of infrastructure capital assets. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets are reported in the government-wide financial statements, but not in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when declared as no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for furniture and equipment. Land and construction in progress are not depreciated.

L. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively.

M. Compensated Absences

Under the terms of union contracts, certain employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Unused sick leave enters into the calculation of severance benefits for some employees upon termination. Compensated absences are accrued in governmental fund financial statements only to the extent they have been used or otherwise matured prior to year-end. Compensated absences, if material, are accrued when earned in the government-wide financial statements.

N. Severance Benefits

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

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

O. State-Wide Pension Plans

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 the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

P. Risk Management and Self-Insurance

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

2. **Self-Insurance** – The District established an Internal Service Fund to account for and finance its uninsured risk of loss for its employee dental plan. Under this plan, the District provides coverage to participating employees and their dependents for various dental costs as described in the plan.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities were as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2019	$ 37,528	$ 867,493	$ 863,143	$ 41,878
2020	$ 41,878	$ 744,260	$ 745,501	$ 40,637

Q. Deferred Outflows/Inflows of Resources

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

The District reports a deferred inflow of resources related to bond refunding deferments in the government-wide Statement of Net Position. A bond refunding deferment results from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

R. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Unrestricted Net Position** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

S. Fund Balance Classifications

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

U. Change in Accounting Principle

During the year ended June 30, 2020, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities,* which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by including the District's extracurricular student activity accounts within the reporting entity and reporting them in the General Fund and governmental activities, rather than reporting them in a separate financial statement as it has in the past. This standard required retroactive implementation, which resulted in the restatement of fund balance in the General Fund and net position of governmental activities as of July 1, 2019, increasing both by $25,049.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$ 7,143,328
Investments	55,942,441
Cash and temporary investments	$ 63,085,769

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

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

The year-end bank balances of the District's deposits totaled $7,152,572, which were fully covered by federal deposit insurance or collateral held by the District's agent in the District's name.

C. Investments

The District has the following investments at year-end:

			Fair Value	Interest Rate Risk – Maturity Duration in Years			
Investment Type	Credit Rating	Rating Agency	Measurements Using	No Maturity Date	Less Than 1 Year	1 to 5	Total
Negotiable certificates of deposits	Not Rated		Level 2	$ –	$ 1,252,713	$ 2,017,967	$ 3,270,680
Investment pools							
MSDLAF Liquid Class	AAA	S&P	Not Applicable	$ 12,862,601	$ –	$ –	12,862,601
MSDLAF MAX Class	AAA	S&P	Not Applicable	$ 91,052	$ –	$ –	91,052
MNTrust Investment Shares Portfolio	AAA	S&P	Not Applicable	$ 31,718,108	$ –	$ –	31,718,108
MNTrust Term Series	AAA	S&P	Not Applicable	$ –	$ 8,000,000	$ –	8,000,000
Total investments							$ 55,942,441

Investment pools managed by MNTrust and the Minnesota School District Liquid Asset Fund (MSDLAF) are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District's investments in these investment pools are measured at the net asset value per share provided by the pools, which are based on amortized cost methods that approximate fair value. There are no restrictions or limitations on withdrawals from the MNTrust Investment Shares Portfolio or the MSDLAF Liquid Class investment pools. Investments in the MSDLAF MAX Class must be deposited for a minimum of 14 calendar days, with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MNTrust Term Series Portfolios are intended to be held until maturity; a participant's withdrawal prior to maturity will require seven days' notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the MNTrust Term Series Portfolio to recoup any associated penalties, charges, losses, or other costs associated with the early redemption of the investments therein.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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

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

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers.

The District's investment policy also requires that commercial paper be of corporations organized in the United States; having at least $1 billion of outstanding corporate paper obligations; rated at the highest classification by Standard and Poor's (A-1) or Moody's Investors Service (P-1); and not be on credit watch for potential downgrades. No more than 50 percent of the District's investments can be in commercial paper on any given day. District policy does not allow investments in derivatives.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's policies limit the investment on any given day, in any given corporation, to $1 million.

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

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	$ 5,240,001	$ –	$ –	$ –	$ 5,240,001
Construction in progress	46,163,614	14,946,894	–	(47,530,924)	13,579,584
Total capital assets, not depreciated	51,403,615	14,946,894	–	(47,530,924)	18,819,585
Capital assets, depreciated					
Land improvements	25,704,218	838,589	–	–	26,542,807
Buildings	298,445,773	581,781	–	47,530,924	346,558,478
Furniture and equipment	18,787,927	2,889,210	–	–	21,677,137
Total capital assets, depreciated	342,937,918	4,309,580	–	47,530,924	394,778,422
Less accumulated depreciation for					
Land improvements	(5,534,948)	(1,299,632)	–	–	(6,834,580)
Buildings	(115,836,900)	(9,791,612)	–	–	(125,628,512)
Furniture and equipment	(14,439,590)	(1,044,419)	–	–	(15,484,009)
Total accumulated depreciation	(135,811,438)	(12,135,663)	–	–	(147,947,101)
Net capital assets, depreciated	207,126,480	(7,826,083)	–	47,530,924	246,831,321
Total capital assets, net	$ 258,530,095	$ 7,120,811	$ –	$ –	$ 265,650,906

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

Administration	$ 144,206
Elementary and secondary regular instruction	3,203,976
Vocational education instruction	166,252
Special education instruction	1,329
Instructional support services	11,302
Pupil support services	804,073
Sites and buildings	7,791,271
Community service	13,254
Total depreciation expense	$ 12,135,663

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
Alternative facilities bonds	02/21/2013	2.00–3.00%	$ 11,775,000	02/01/2026	$ 10,970,000
Alternative facilities bonds	12/30/2014	3.00–3.50%	$ 6,050,000	02/01/2035	6,050,000
School building bonds	07/22/2015	4.00–5.00%	$ 113,385,000	02/01/2037	104,240,000
Facilities maintenance and building bonds	04/13/2017	2.50–4.00%	$ 16,350,000	02/01/2031	16,350,000
Facilities maintenance bonds	05/02/2019	3.00–5.00%	$ 24,075,000	02/01/2036	24,075,000
School building refunding bonds	11/14/2019	5.00%	$ 19,890,000	02/01/2024	19,890,000
Total general obligation bonds payable					$ 181,575,000

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

The District issued $19,890,000 of General Obligation School Building Refunding Bonds, Series 2019B, the proceeds of which were used to refund, in advance of their stated maturities, the 2021–2024 maturities of the District's General Obligation School Building Refunding Bonds, Series 2011B on their February 1, 2020 call date. This refunding reduced the District's total future debt service payments by $1,515,543, and resulted in a net present value savings of $1,457,524.

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2011C Certificates of Participation	11/17/2011	2.00–3.75%	$ 1,615,000	04/01/2027	$ 845,000

The District sold certificates of participation under Minnesota Statutes § 123B.51 to finance the construction of an addition to South View Middle School. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

C. Capital Leases Payable

The District entered into two capital lease agreements to finance the construction of several building additions. The leases, with an effective interest rate of 3.43 percent, require annual principal and interest payments through January 15, 2029, and are being paid by the General Fund. The leased assets were recorded at $2,233,000 (the present value of future minimum lease payments as of the inception dates of the leases). Total accumulated depreciation on these assets at June 30, 2020 was $267,960.

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits for eligible employees based on unused sick leave. Such benefits are paid primarily from the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

E. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 7,050,000	$ 7,570,538	$ 110,000	$ 28,825	$ 142,700	$ 49,452
2022	7,885,000	7,018,825	110,000	25,525	147,636	44,516
2023	8,275,000	6,642,275	115,000	22,088	152,744	39,408
2024	7,890,000	6,258,325	120,000	18,350	158,028	34,124
2025	6,780,000	5,876,331	125,000	14,150	163,494	28,658
2026–2030	58,265,000	23,912,413	265,000	14,838	712,529	56,080
2031–2035	63,890,000	11,219,450	–	–	–	–
2036–2037	21,540,000	1,207,800	–	–	–	–
	$181,575,000	$ 69,705,957	$ 845,000	$ 123,776	$ 1,477,131	$ 252,238

F. Changes in Long-Term Liabilities

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
General obligation bonds payable	$ 191,720,000	$ 19,890,000	$ 30,035,000	$ 181,575,000	$ 7,050,000
Certificates of participation payable	950,000	–	105,000	845,000	110,000
Unamortized premiums	15,481,849	2,061,538	4,261,196	13,282,191	–
Capital leases payable	1,615,060	–	137,929	1,477,131	142,700
Severance benefits payable	694,605	25,190	93,128	626,667	296,898
	$ 210,461,514	$ 21,976,728	$ 34,632,253	$ 197,805,989	$ 7,599,598

NOTE 5 – FUND BALANCES

The table on the following page presents a breakdown of governmental fund equity components as defined earlier in these notes. State mandated restrictions that have an accumulated deficit at June 30, if any, are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. However, a description of any deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

The School Board has formally adopted a fund balance policy regarding maintaining a minimum unassigned fund balance for the General Fund. The policy establishes a minimum unassigned General Fund balance goal of 6.0 percent of budgeted unassigned General Fund expenditures. At June 30, 2020, the unassigned fund balance (excluding restricted account deficits) of the General Fund was 7.1 percent of budgeted unassigned expenditures for fiscal 2021.

NOTE 5 – FUND BALANCES (CONTINUED)

At June 30, 2020, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Restricted					
Student activities	$ 26,531	$ –	$ –	$ –	$ 26,531
Operating capital	1,328,338	–	–	–	1,328,338
Achievement and integration	104,363	–	–	–	104,363
Capital projects levy	–	416,531	–	–	416,531
LTFM	–	11,997,408	–	–	11,997,408
Debt service	–	–	3,026,960	–	3,026,960
Food service	–	–	–	927,125	927,125
Community education	–	–	–	364,259	364,259
ECFE	–	–	–	61,180	61,180
School readiness	–	–	–	75,443	75,443
Community service	–	–	–	27,173	27,173
Total restricted	1,459,232	12,413,939	3,026,960	1,455,180	18,355,311
Committed					
Cash flow	1,068,409	–	–	–	1,068,409
Assigned					
Separation/retirement benefits	3,269,673	–	–	–	3,269,673
Carryover	439,348	–	–	–	439,348
Alternative compensation	43,920	–	–	–	43,920
Total assigned	3,752,941	–	–	–	3,752,941
Unassigned					
Unassigned	8,613,512	–	–	–	8,613,512
Total	$ 14,894,094	$ 12,413,939	$ 3,026,960	$ 1,455,180	$ 31,790,173

NOTE 6 – DEFINED BENEFIT PENSION PLANS

District employees participate in three defined benefit pension plans described later in these notes, including two state-wide, cost-sharing, multiple-employer plans, and a single-employer plan administered by the District. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2020:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 15,657,494	$ 2,216,271	$ 3,178,505	$ 2,072,710
State-wide, multiple-employer – TRA	61,898,118	58,015,190	87,933,458	11,961,107
Single-employer – District	13,290,652	1,633,274	386,853	1,285,033
Total	$ 90,846,264	$ 61,864,735	$ 91,498,816	$ 15,318,850

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through the Defined Contribution Plan administered by the state of Minnesota.

B. Benefits Provided

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

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. 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 Plan members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent of average salary 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 age 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the post-retirement increase will be equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with the minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit at least one month but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

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

Tier II Benefits

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

Members first employed after June 30, 1989, receive only the Tier II benefit 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. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2020, were $1,527,748. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

	Year Ended June 30,					
	2018		2019		2020	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.50 %	11.00 %	11.71 %	11.00 %	11.92 %
Coordinated Plan	7.50 %	7.50 %	7.50 %	7.71 %	7.50 %	7.92 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2020, were $4,470,670. The District's contributions were equal to the required contributions for each year as set by state statutes.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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

	in thousands
Employer contributions reported in the TRA's CAFR Statement of Changes in Fiduciary Net Position	$ 403,300
Add employer contributions not related to future contribution efforts	(688)
Deduct the TRA's contributions not included in allocation	(486)
Total employer contributions	402,126
Total nonemployer contributions	35,588
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	$ 437,714

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2020, the District reported a liability of $15,657,494 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.2832 percent at the end of the measurement period and 0.2896 percent for the beginning of the period.

The District's net pension liability reflected a reduction, due to the state of Minnesota's contribution of $16.0 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amounts recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 15,657,494
State's proportionate share of the net pension liability associated with the District	$ 486,646

For the year ended June 30, 2020, the District recognized pension expense of $2,036,265 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $36,445 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16.0 million to the GERF.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2020, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 438,553	$ –
Changes in actuarial assumptions	–	1,252,306
Differences between projected and actual investment earnings	–	1,659,914
Changes in proportion	249,970	266,285
District's contributions to the GERF subsequent to the measurement date	1,527,748	–
Total	$ 2,216,271	$ 3,178,505

A total of $1,527,748 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	$ (731,416)
2022	$ (1,374,174)
2023	$ (409,624)
2024	$ 25,232

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of $61,898,118 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 0.9711 percent at the end of the measurement period and 0.9661 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	$ 61,898,118
State's proportionate share of the net pension liability associated with the District	$ 5,477,592

For the year ended June 30, 2020, the District recognized pension expense of $11,544,745. It also recognized $416,362 as an increase to pension expense (and grant revenue) for the support provided by direct aid.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2020, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ –	$ 1,482,419
Changes in actuarial assumptions	49,911,660	81,377,667
Difference between projected and actual investment earnings	–	5,073,372
Changes in proportion	3,632,860	–
District's contributions to the TRA subsequent to the measurement date	4,470,670	–
Total	$ 58,015,190	$ 87,933,458

A total of $4,470,670 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	$ 3,374,859
2022	$ 317,851
2023	$ (22,297,497)
2024	$ (15,721,743)
2025	$ (62,408)

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

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. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the GERF and 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually for the TRA.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

Actuarial assumptions used in the June 30, 2019 valuations were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF plan was completed in 2019. Economic assumptions were updated in 2018, based on a review of inflation and investment return assumptions. The most recent experience study in the TRA plan was completed in 2015, with economic assumptions updated in 2017.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

1. **GERF**

CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2. **TRA**

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.50 %	5.10 %
Private markets	25.00	5.90 %
Fixed income	20.00	0.75 %
International equity	17.50	5.30/5.90 %
Cash equivalents	2.00	– %
Total	100.00 %	

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. 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 GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.50 percent. There was no change since the prior measurement. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2019 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.

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	$ 25,740,076	$ 15,657,494	$ 7,332,317
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	$ 98,680,735	$ 61,898,118	$ 31,571,393

H. Pension Plan Fiduciary Net Position

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

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

I. Subsequent Events and the COVID-19 Pandemic Subsequent to Year-End

The United States and global markets experienced declines in values, resulting from uncertainty caused by COVID-19. The resulting declines are expected to have a negative impact on the PERA's and the TRA's discount rate, as well as the value of each plan's investments. Any impact caused by the resulting declines have not been included in the schedules as of June 30, 2019.

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. The following employee groups receive the benefit: Superintendent, Superintendent's Advisory Council, Administrators (Edina Administrative Council), Controller, Director of Buildings and Grounds, Human Resources Manager, Strategic Planner/Analyst, Teachers, Community Education Services Coordinators, Classified Supervisors, Confidential Employees, Other Support Staff, and Edina Professional Association of Support Staff. All pension benefits are based on contractual agreements with these employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. The benefits are calculated using a predetermined number of days depending on the employee group, multiplied by the employee's daily base pay, or in certain cases, a fixed amount per year of service. Payments are made in either a lump sum or installments to a 403(b) plan or in a lump sum directly to the employee. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a separate financial report.

B. Contributions and Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has not established a trust fund to finance these pension benefits.

C. Membership

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

Retirees and beneficiaries receiving benefits	31
Active plan members	752
Total members	783

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial study with a valuation date as of July 1, 2018 and measurement date as of July 1, 2019, using the entry-age method and the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.10%
20-year municipal bond yield	3.10%
Inflation rate	2.50%
Salary increases	3.00%

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale. The previous study used the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

E. Discount Rate

The discount rate used to measure the total pension liability was 3.10 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate. The District's discount rate used in the prior measurement date was 3.50 percent.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance	$ 12,304,601
Changes for the year	
Service cost	784,741
Interest	448,042
Assumption changes	334,570
Benefit payments	(581,302)
Total net changes	986,051
Ending balance	$ 13,290,652

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Pension discount rate	2.10%	3.10%	4.10%
Total pension liability	$ 14,289,705	$ 13,290,652	$ 12,338,937

NOTE 8 – DEFINED BENEFIT PENSION PLAN – DISTRICT (CONTINUED)

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

The District recognized pension expense of $1,285,033 in the current year, and at year-end reported the following deferred outflows and 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	$ 630,555	$ -
Changes in actuarial assumptions	306,689	386,853
District's contributions subsequent to the measurement date	696,030	-
Total	$ 1,633,274	$ 386,853

A total of $696,030 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense
2021	$ 52,250
2022	$ 52,250
2023	$ 52,250
2024	$ 52,250
2025	$ 52,250
Thereafter	$ 289,141

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

A. Plan Description and Benefits Provided

The District provides post-employment benefits to certain eligible employees through a single-employer defined benefit OPEB Plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups, with benefit eligibility based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a separate financial report.

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

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

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has not established a trust fund to finance these OPEB benefits.

C. Membership

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

Retirees and beneficiaries receiving benefits	64
Active plan members	1,157
Total members	1,221

D. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2018 and measurement date as of July 1, 2019, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.10%
20-year municipal bond yield	3.10%
Inflation rate	2.50%
Salary increases	3.00%
Medical trend rate	6.25% as of July 1, 2019 grading to 5.00% over 5 years
Dental trend rate	4.00%

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale. The previous study used the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

Future retirees electing coverage is assumed to be 100 percent when a pre-age 65 subsidy is available, and 50 percent when a pre-age 65 subsidy is not available. Married future retirees electing spouse coverage is assumed to be 100 percent when a pre-age 65 subsidy is available, and 25 percent when a pre-age 65 subsidy is not available.

The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.10 percent. The projection of cash flows used to determine the discount rate was determined by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate. The District discount rate used in the prior measurement date was 3.50 percent.

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 19,244,241
Changes for the year	
Service cost	1,187,453
Interest	697,658
Assumption changes	480,367
Benefit payments	(1,005,875)
Total net changes	1,359,603
Ending balance	$ 20,603,844

G. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.10%	3.10%	4.10%
Total OPEB liability	$ 22,020,189	$ 20,603,844	$ 19,231,092

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

	1% Decrease in Healthcare Trend Rates	Healthcare Trend Rates	1% Increase in Healthcare Trend Rates
Medical trend rate	5.25% decreasing to 4.00% over 5 years	6.25% decreasing to 5.00% over 5 years	7.25% decreasing to 6.00% over 5 years
Dental trend rate	3.00%	4.00%	5.00%
Total OPEB liability	$ 18,756,323	$ 20,603,844	$ 22,765,618

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

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

The District recognized OPEB expense of $1,775,724 in the current year, and at year-end reported the following deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 1,143,778
Changes in actuarial assumptions	431,438	-
District's contributions subsequent to the measurement date	1,111,887	-
Total	$ 1,543,325	$ 1,143,778

A total of $1,111,887 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Pension Expense
2021	$ (109,387)
2022	$ (109,387)
2023	$ (109,387)
2024	$ (109,387)
2025	$ (109,387)
Thereafter	$ (165,405)

NOTE 10 – FLEXIBLE BENEFIT PLAN

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

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. The Plan is administered by the District and is accounted for in the District's General Fund. 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.

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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

B. Construction Commitments

At June 30, 2020, the District had commitments totaling $22,165,356 under various construction contracts for which the work was not yet completed.

C. Legal Claims

The District is a defendant in various lawsuits. 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.

NOTE 12 – SUBSEQUENT EVENTS

A. Bond Issue

In November 2020, the District approved the sale of $9,085,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2020A. The proceeds of the bonds will be used to redeem the 2022 through 2026 maturities of the District's General Obligation Alternative Facilities Bonds, Series 2013A, on their February 1, 2021 call date. The 2020A bonds will have interest rates ranging from 3.0 to 4.0 percent and a final maturity date of February 1, 2026.

B. COVID-19

The COVID-19 pandemic has caused economic and financial market volatility in the United States and around the world, along with significant business and operational disruptions for many organizations. Due to the unknown breadth and duration of this pandemic, any potential impact it may have on the District's future operations and financial condition cannot be determined at this time and has not been reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 273

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2020

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.2999%	$ 14,087,800	$ –	$ 14,087,800	$ 15,747,600	89.46%	78.70%
06/30/2016	06/30/2015	0.2742%	$ 14,210,468	$ –	$ 14,210,468	$ 16,108,678	88.22%	78.20%
06/30/2017	06/30/2016	0.2774%	$ 22,523,504	$ 294,246	$ 22,817,750	$ 17,218,936	130.81%	68.90%
06/30/2018	06/30/2017	0.2894%	$ 18,475,105	$ 232,340	$ 18,707,445	$ 18,646,353	99.08%	75.90%
06/30/2019	06/30/2018	0.2896%	$ 16,065,821	$ 526,989	$ 16,592,810	$ 18,550,623	86.61%	79.50%
06/30/2020	06/30/2019	0.2832%	$ 15,657,494	$ 486,646	$ 16,144,140	$ 20,000,631	78.29%	80.20%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2020

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 1,195,515	$ 1,195,515	$ –	$ 16,108,678	7.42%
06/30/2016	$ 1,291,318	$ 1,291,318	$ –	$ 17,218,936	7.50%
06/30/2017	$ 1,398,478	$ 1,398,478	$ –	$ 18,646,353	7.50%
06/30/2018	$ 1,391,159	$ 1,391,159	$ –	$ 18,550,623	7.50%
06/30/2019	$ 1,492,966	$ 1,492,966	$ –	$ 20,000,631	7.46%
06/30/2020	$ 1,527,748	$ 1,527,748	$ –	$ 20,329,984	7.51%

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

INDEPENDENT SCHOOL DISTRICT NO. 273

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2020

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.9949%	$ 45,844,276	$ 3,225,114	$ 49,069,390	$ 45,414,080	100.95%	81.50%
06/30/2016	06/30/2015	0.9238%	$ 57,146,166	$ 7,009,435	$ 64,155,601	$ 46,887,773	121.88%	76.80%
06/30/2017	06/30/2016	0.9434%	$225,023,410	$ 22,586,637	$247,610,047	$ 48,890,860	460.26%	44.88%
06/30/2018	06/30/2017	0.9473%	$189,098,264	$ 18,280,007	$207,378,271	$ 50,958,882	371.08%	51.57%
06/30/2019	06/30/2018	0.9661%	$ 60,680,123	$ 5,701,256	$ 66,381,379	$ 53,228,684	114.00%	78.07%
06/30/2020	06/30/2019	0.9711%	$ 61,898,118	$ 5,477,592	$ 67,375,710	$ 52,764,016	117.31%	78.21%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2020

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 3,516,583	$ 3,516,583	$ –	$ 46,887,773	7.50%
06/30/2016	$ 3,680,210	$ 3,680,210	$ –	$ 48,890,860	7.53%
06/30/2017	$ 3,820,933	$ 3,820,933	$ –	$ 50,958,882	7.50%
06/30/2018	$ 3,990,842	$ 3,990,842	$ –	$ 53,228,684	7.50%
06/30/2019	$ 4,071,634	$ 4,071,634	$ –	$ 52,764,016	7.72%
06/30/2020	$ 4,470,670	$ 4,470,670	$ –	$ 56,562,354	7.90%

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

INDEPENDENT SCHOOL DISTRICT NO. 273

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2020

	2017	2018	2019	2020
Total pension liability				
Service cost	$ 706,737	$ 669,633	$ 712,907	$ 784,741
Interest	326,649	332,966	390,691	448,042
Assumption changes	–	(370,946)	(121,816)	334,570
Plan changes	–	–	74,470	–
Differences between expected and actual experience	–	–	756,667	–
Benefit payments	(794,118)	(762,623)	(567,874)	(581,302)
Net change in total pension liability	239,268	(130,970)	1,245,045	986,051
Total pension liability – beginning of year	10,951,258	11,190,526	11,059,556	12,304,601
Total pension liability – end of year	$ 11,190,526	$ 11,059,556	$ 12,304,601	$ 13,290,652
Covered-employee payroll	$ 48,516,585	$ 49,972,083	$ 57,844,851	$ 59,580,197
Total pension liability as a percentage of covered-employee payroll	23.07%	22.13%	21.27%	22.31%

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

Note 2: The District implemented GASB Statement No. 73 for the year ended June 30, 2017. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 273

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Total
OPEB Liability and Related Ratios
Year Ended June 30, 2020

	2018	2019	2020
Total OPEB liability			
Service cost	$ 1,168,447	$ 1,082,683	$ 1,187,453
Interest	670,515	697,232	697,658
Assumption changes	–	5,718	480,367
Differences between expected and actual experience	–	(1,470,574)	–
Benefit payments	(953,365)	(981,707)	(1,005,875)
Net change in total OPEB liability	885,597	(666,648)	1,359,603
Total OPEB liability – beginning of year	19,025,292	19,910,889	19,244,241
Total OPEB liability – end of year	$ 19,910,889	$ 19,244,241	$ 20,603,844
Covered-employee payroll	$ 62,990,740	$ 69,887,838	$ 71,984,473
Total OPEB liability as a percentage of covered-employee payroll	31.61%	27.54%	28.62%

Note 1: The District has not established a trust fund to finance GASB Statement No. 75 related benefits.

Note 2: The District implemented GASB Statement No. 75 for the year ended June 30, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 273

Notes to Required Supplementary Information
June 30, 2020

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero 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 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 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.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality 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 – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018, and $6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21.0 million to $31.0 million in calendar years 2019 to 2031. The state's contribution changed from $16.0 million to $6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892.0 million. Upon consolidation, state and employer contributions were revised; the state's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

INDEPENDENT SCHOOL DISTRICT NO. 273

Notes to Required Supplementary Information (continued)
June 30, 2020

TEACHERS RETIREMENT ASSOCIATION (TRA)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on 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 2.50 percent if the funded ratio was at least 90.00 percent 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 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 273

Notes to Required Supplementary Information (continued)
June 30, 2020

PENSION BENEFITS PLAN

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- Severance benefits are now available for the Edina Professional Association of Support Staff and the Superintendent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- 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 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.40 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.10 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare 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 discount rate was changed from 3.40 percent to 3.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.90 percent to 3.40 percent.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 273

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2020

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 1,199,074	$ 1,443,174	$ 2,642,248
Receivables			
Current taxes	–	573,458	573,458
Delinquent taxes	–	10,691	10,691
Accounts and interest	–	16,181	16,181
Due from other governmental units	128,952	46,079	175,031
Total assets	$ 1,328,026	$ 2,089,583	$ 3,417,609
Liabilities			
Salaries and benefits payable	$ 17,041	$ 169,964	$ 187,005
Accounts and contracts payable	79,600	1,795	81,395
Due to other governmental units	–	10,187	10,187
Unearned revenue	304,260	270,133	574,393
Total liabilities	400,901	452,079	852,980
Deferred inflows of resources			
Property taxes levied for subsequent year	–	1,100,338	1,100,338
Deferred revenue – delinquent taxes	–	9,111	9,111
Total deferred inflows of resources	–	1,109,449	1,109,449
Fund balances			
Restricted	927,125	528,055	1,455,180
Total liabilities, deferred inflows of resources, and fund balances	$ 1,328,026	$ 2,089,583	$ 3,417,609

INDEPENDENT SCHOOL DISTRICT NO. 273

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 1,118,879	$ 1,118,879
Investment earnings	25,736	25,736	51,472
Other	1,640,049	5,776,927	7,416,976
State sources	108,624	532,341	640,965
Federal sources	701,510	–	701,510
Total revenue	2,475,919	7,453,883	9,929,802
Expenditures			
Current			
Food service	2,371,549	–	2,371,549
Community service	–	7,805,415	7,805,415
Capital outlay	277,500	52,617	330,117
Total expenditures	2,649,049	7,858,032	10,507,081
Net change in fund balances	(173,130)	(404,149)	(577,279)
Fund balances			
Beginning of year	1,100,255	932,204	2,032,459
End of year	$ 927,125	$ 528,055	$ 1,455,180

INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund
Comparative Balance Sheet
as of June 30, 2020 and 2019

	2020	2019
Assets		
Cash and temporary investments	$ 33,419,553	$ 32,481,865
Receivables		
Current taxes	22,662,888	19,677,882
Delinquent taxes	342,628	318,225
Accounts and interest	246,751	583,514
Due from other governmental units	10,155,617	10,317,391
Prepaid items	–	31,133
Total assets	$ 66,827,437	$ 63,410,010
Liabilities		
Salaries and benefits payable	$ 10,758,562	$ 11,072,233
Accounts and contracts payable	690,549	1,867,368
Due to other governmental units	530,457	225,971
Total liabilities	11,979,568	13,165,572
Deferred inflows of resources		
Property taxes levied for subsequent year	39,665,864	35,708,786
Unavailable revenue – delinquent taxes	287,911	353,186
Total deferred inflows of resources	39,953,775	36,061,972
Fund balances (deficit)		
Nonspendable for prepaid items	–	31,133
Restricted for student activities	26,531	–
Restricted for staff development	–	58,820
Restricted for operating capital	1,328,338	2,755,476
Restricted for achievement and integration	104,363	–
Committed for cash flow	1,068,409	1,037,614
Assigned for separation/retirement benefits	3,269,673	3,385,135
Assigned for carryover	439,348	–
Assigned for alternative compensation	43,920	149,673
Unassigned – safe schools levy account deficit	–	(189,562)
Unassigned	8,613,512	6,954,177
Total fund balances	14,894,094	14,182,466
Total liabilities, deferred inflows of resources, and fund balances	$ 66,827,437	$ 63,410,010

INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 33,631,398	$ 33,473,446	$ (157,952)	$ 33,058,228
Investment earnings	599,999	402,060	(197,939)	652,518
Other	3,575,687	4,137,029	561,342	4,410,361
State sources	78,627,470	78,527,670	(99,800)	76,567,326
Federal sources	1,832,618	1,813,875	(18,743)	2,410,766
Total revenue	118,267,172	118,354,080	86,908	117,099,199
Expenditures				
Current				
Administration	3,151,830	3,009,563	(142,267)	3,301,695
District support services	2,847,650	2,800,341	(47,309)	2,918,207
Elementary and secondary regular instruction	57,764,946	56,626,943	(1,138,003)	55,976,301
Vocational education instruction	364,303	417,775	53,472	371,717
Special education instruction	21,856,578	22,535,544	678,966	21,165,695
Instructional support services	6,792,688	5,600,116	(1,192,572)	5,720,643
Pupil support services	10,457,811	10,138,725	(319,086)	10,536,840
Sites and buildings	16,660,977	15,903,909	(757,068)	12,863,141
Fiscal and other fixed cost programs	340,000	305,513	(34,487)	252,778
Debt service				
Principal	238,316	242,929	4,613	238,316
Interest and fiscal charges	90,811	86,143	(4,668)	93,899
Total expenditures	120,565,910	117,667,501	(2,898,409)	113,439,232
Excess (deficiency) of revenue over expenditures	(2,298,738)	686,579	2,985,317	3,659,967
Other financing (uses)				
Transfers (out)	(1,188,753)	–	1,188,753	(3,213,503)
Net change in fund balances	$ (3,487,491)	686,579	$ 4,174,070	446,464
Fund balances				
Beginning of year, as previously reported		14,182,466		13,736,002
Change in accounting principle		25,049		–
Beginning of year, as restated		14,207,515		13,736,002
End of year		$ 14,894,094		$ 14,182,466

INDEPENDENT SCHOOL DISTRICT NO. 273

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2020 and 2019

	2020	2019
Assets		
Cash and temporary investments	$ 1,199,074	$ 1,261,387
Receivables		
Accounts and interest	–	2,307
Due from other governmental units	128,952	104,033
Total assets	$ 1,328,026	$ 1,367,727
Liabilities		
Salaries and benefits payable	$ 17,041	$ 4,143
Accounts and contracts payable	79,600	17,045
Unearned revenue	304,260	246,284
Total liabilities	400,901	267,472
Fund balances		
Restricted for food service	927,125	1,100,255
Total liabilities and fund balances	$ 1,328,026	$ 1,367,727

INDEPENDENT SCHOOL DISTRICT NO. 273

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 29,000	$ 25,736	$ (3,264)	$ 29,749
Other – primarily meal sales	2,142,700	1,640,049	(502,651)	2,238,064
State sources	144,052	108,624	(35,428)	123,311
Federal sources	630,000	701,510	71,510	649,082
Total revenue	2,945,752	2,475,919	(469,833)	3,040,206
Expenditures				
Current				
Salaries	338,733	182,436	(156,297)	277,618
Employee benefits	83,991	89,027	5,036	78,757
Purchased services	2,593,511	1,955,573	(637,938)	2,395,361
Supplies and materials	139,166	142,722	3,556	158,497
Other expenditures	–	1,791	1,791	23,783
Capital outlay	50,000	277,500	227,500	12,504
Total expenditures	3,205,401	2,649,049	(556,352)	2,946,520
Net change in fund balances	$ (259,649)	(173,130)	$ 86,519	93,686
Fund balances				
Beginning of year		1,100,255		1,006,569
End of year		$ 927,125		$ 1,100,255

INDEPENDENT SCHOOL DISTRICT NO. 273

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2020 and 2019

	2020	2019
Assets		
Cash and temporary investments	$ 1,443,174	$ 2,283,732
Receivables		
Current taxes	573,458	557,102
Delinquent taxes	10,691	10,101
Accounts and interest	16,181	28,961
Due from other governmental units	46,079	51,042
Total assets	$ 2,089,583	$ 2,930,938
Liabilities		
Salaries and benefits payable	$ 169,964	$ 191,697
Accounts and contracts payable	1,795	135,114
Due to other governmental units	10,187	53,421
Unearned revenue	270,133	490,512
Total liabilities	452,079	870,744
Deferred inflows of resources		
Property taxes levied for subsequent year	1,100,338	1,116,918
Unavailable revenue – delinquent taxes	9,111	11,072
Total deferred inflows of resources	1,109,449	1,127,990
Fund balances		
Restricted for community education programs	364,259	660,226
Restricted for early childhood family education programs	61,180	80,107
Restricted for school readiness	75,443	181,219
Restricted for community service	27,173	10,652
Total fund balances	528,055	932,204
Total liabilities, deferred inflows of resources, and fund balances	$ 2,089,583	$ 2,930,938

INDEPENDENT SCHOOL DISTRICT NO. 273

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 1,148,267	$ 1,118,879	$ (29,388)	$ 1,071,855
Investment earnings	29,000	25,736	(3,264)	30,344
Other – primarily tuition and fees	6,632,342	5,776,927	(855,415)	6,492,272
State sources	517,360	532,341	14,981	461,119
Total revenue	8,326,969	7,453,883	(873,086)	8,055,590
Expenditures				
Current				
Salaries	5,080,630	4,964,444	(116,186)	4,843,894
Employee benefits	1,323,637	1,188,897	(134,740)	1,200,575
Purchased services	1,334,387	1,235,397	(98,990)	1,411,669
Supplies and materials	367,601	323,857	(43,744)	415,428
Other expenditures	106,226	92,820	(13,406)	13,589
Capital outlay	31,500	52,617	21,117	40,504
Total expenditures	8,243,981	7,858,032	(385,949)	7,925,659
Excess (deficiency) of revenue over expenditures	82,988	(404,149)	(487,137)	129,931
Other financing sources				
Transfers in	–	–	–	62,117
Net change in fund balances	$ 82,988	(404,149)	$ (487,137)	192,048
Fund balances				
Beginning of year		932,204		740,156
End of year		$ 528,055		$ 932,204

INDEPENDENT SCHOOL DISTRICT NO. 273

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2020 and 2019

	2020	2019
Assets		
Cash and temporary investments	$ 16,351,081	$ 28,227,973
Receivables		
Accounts and interest	2,362	66,028
Total assets	$ 16,353,443	$ 28,294,001
Liabilities		
Salaries and benefits payable	$ 18,615	$ 10,396
Accounts and contracts payable	3,920,889	3,206,390
Total liabilities	3,939,504	3,216,786
Fund balances		
Restricted for capital projects levy	416,531	1,278,344
Restricted for long-term facilities maintenance	11,997,408	23,000,223
Restricted for capital projects	–	798,648
Total fund balances	12,413,939	25,077,215
Total liabilities and fund balances	$ 16,353,443	$ 28,294,001

INDEPENDENT SCHOOL DISTRICT NO. 273

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 5,914,554	$ 5,914,554	$ –	$ 5,300,000
Investment earnings	400,000	391,547	(8,453)	190,040
Other	643,578	721,623	78,045	59,983
Total revenue	6,958,132	7,027,724	69,592	5,550,023
Expenditures				
Capital outlay				
Salaries	2,405,638	2,566,589	160,951	1,794,081
Employee benefits	720,012	805,670	85,658	545,289
Purchased services	117,800	1,339,888	1,222,088	1,102,147
Supplies and materials	1,083,309	–	(1,083,309)	–
Capital expenditures	14,978,005	14,978,853	848	24,489,310
Debt service				
Interest and fiscal charges	–	–	–	191,667
Total expenditures	19,304,764	19,691,000	386,236	28,122,494
Excess (deficiency) of revenue over expenditures	(12,346,632)	(12,663,276)	(316,644)	(22,572,471)
Other financing sources				
Bonds issued	–	–	–	24,075,000
Premium on bonds issued	–	–	–	618,695
Transfers in	1,188,753	–	(1,188,753)	3,151,386
Total other financing sources	1,188,753	–	(1,188,753)	27,845,081
Net change in fund balances	$ (11,157,879)	(12,663,276)	$ (1,505,397)	5,272,610
Fund balances				
Beginning of year		25,077,215		19,804,605
End of year		$ 12,413,939		$ 25,077,215

INDEPENDENT SCHOOL DISTRICT NO. 273

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2020 and 2019

	2020	2019
Assets		
Cash and temporary investments	$ 10,056,001	$ 10,580,123
Receivables		
Current taxes	7,674,548	7,928,679
Delinquent taxes	120,382	108,872
Total assets	$ 17,850,931	$ 18,617,674
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 14,725,692	$ 15,895,730
Unavailable revenue – delinquent taxes	98,279	124,972
Total deferred inflows of resources	14,823,971	16,020,702
Fund balances		
Restricted for debt service	3,026,960	2,596,972
Total deferred inflows of resources and fund balances	$ 17,850,931	$ 18,617,674

INDEPENDENT SCHOOL DISTRICT NO. 273

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2020			2019
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 15,894,979	$ 15,922,424	$ 27,445	$ 15,054,762
Investment earnings	90,000	186,587	96,587	85,069
Total revenue	15,984,979	16,109,011	124,032	15,139,831
Expenditures				
Debt service				
Principal	8,140,000	8,140,000	–	7,405,000
Interest	6,895,625	7,485,370	589,745	7,258,595
Fiscal charges and other	116,390	110,191	(6,199)	8,598
Total expenditures	15,152,015	15,735,561	583,546	14,672,193
Excess of revenue over expenditures	832,964	373,450	(459,514)	467,638
Other financing sources (uses)				
Debt issued	19,890,000	19,890,000	–	–
Premium on bonds issued	2,061,538	2,061,538	–	589,745
Payment on refunded debt	(21,895,000)	(21,895,000)	–	–
Total other financing sources (uses)	56,538	56,538	–	589,745
Net change in fund balances	$ 889,502	429,988	$ (459,514)	1,057,383
Fund balances				
Beginning of year		2,596,972		1,539,589
End of year		$ 3,026,960		$ 2,596,972

OTHER DISTRICT INFORMATION

(UNAUDITED)

INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Levies	Other Local and County Revenues	State Revenue	Federal Revenue	Total
2011	$ 28,851,473	$ 2,520,934	$ 51,887,383	$ 3,061,247	$ 86,321,037
	33%	3%	60%	4%	100%
2012	23,813,219	2,754,726	58,857,487	3,344,546	88,769,978
	27%	3%	66%	4%	100%
2013	27,237,931	2,487,574	62,296,085	1,683,183	93,704,773
	29%	3%	66%	2%	100%
2014	10,666,213	2,593,867	76,710,991	1,809,161	91,780,232
	12%	3%	83%	2%	100%
2015	22,950,814	2,794,515	68,608,136	1,488,368	95,841,833
	24%	3%	71%	2%	100%
2016	23,596,521	4,100,426	71,873,064	1,871,244	101,441,255
	23%	4%	71%	2%	100%
2017	30,769,055	3,788,108	71,970,881	1,795,959	108,324,003
	28%	3%	67%	2%	100%
2018	30,235,863	5,029,098	73,752,106	1,832,821	110,849,888
	27%	5%	66%	2%	100%
2019	33,058,228	5,062,879	76,567,326	2,410,766	117,099,199
	28%	5%	65%	2%	100%
2020	33,473,446	4,539,089	78,527,670	1,813,875	118,354,080
	28%	4%	66%	2%	100%

Note: Legislative changes in the “tax shift” impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. These changes were offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 273

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Administration	District Support Services	Instruction	Instructional Support Services	Pupil Support Services	Sites and Buildings	Other Programs	Total
2011	$ 2,922,416	$ 2,731,865	$ 58,238,240	$ 6,592,322	$ 6,669,731	$ 8,203,146	$ 300,830	$ 85,658,550
	3%	3%	68%	8%	8%	10%	–%	100%
2012	2,921,447	2,701,860	58,140,863	6,760,932	7,329,686	8,714,030	381,487	86,950,305
	3%	3%	68%	8%	8%	10%	–%	100%
2013	3,057,055	2,517,407	60,574,774	5,105,226	7,608,727	13,393,834	469,478	92,726,501
	3%	3%	66%	6%	8%	14%	–%	100%
2014	3,100,900	2,969,022	62,272,584	4,916,476	7,544,789	9,691,920	362,556	90,858,247
	4%	3%	69%	5%	8%	11%	–%	100%
2015	3,124,572	3,063,669	64,083,923	5,063,892	7,745,956	9,006,454	543,004	92,631,470
	3%	3%	70%	5%	8%	10%	1%	100%
2016	3,281,563	3,093,531	71,523,452	5,508,758	7,922,598	8,954,875	579,502	100,864,279
	3%	3%	71%	5%	8%	9%	1%	100%
2017	3,542,398	3,097,417	72,401,269	5,382,317	8,118,389	11,733,576	652,731	104,928,097
	3%	3%	69%	5%	8%	11%	1%	100%
2018	3,165,048	3,252,865	75,366,526	5,826,639	10,026,345	9,665,421	636,414	107,939,258
	3%	3%	70%	5%	9%	9%	1%	100%
2019	3,301,695	2,918,207	77,513,713	5,720,643	10,536,840	12,863,141	584,993	113,439,232
	3%	3%	68%	5%	9%	11%	1%	100%
2020	3,009,563	2,800,341	79,580,262	5,600,116	10,138,725	15,903,909	634,585	117,667,501
	3%	2%	68%	5%	9%	13%	<1%	100%

Note: Instruction includes regular, vocational, and special education instruction.

INDEPENDENT SCHOOL DISTRICT NO. 273

School Tax Levies and Tax Rates by Fund
Last Ten Fiscal Years

	Year Collectible	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total All Funds
Levies						
	2011	$ 21,276,283	$ 982,373	$ 1,885,932	$ 10,554,475	$ 34,699,063
	2012	26,739,844	1,053,989	1,730,064	10,281,370	39,805,267
	2013	26,641,579	1,093,196	4,383,529	7,194,307	39,312,611
	2014	27,084,132	1,142,821	4,640,567	7,094,461	39,961,981
	2015	28,429,772	1,129,162	6,921,752	6,488,222	42,968,908
	2016	35,838,469	1,190,018	–	14,164,398	51,192,885
	2017	35,477,140	1,119,670	–	15,398,423	51,995,233
	2018	38,556,680	1,074,335	–	15,089,798	54,720,813
	2019	39,451,014	1,116,918	–	15,895,731	56,463,663
	2020	43,484,864	1,100,338	–	14,725,692	59,310,894
Tax rates						
Tax capacity rates						
	2011	7.288	1.136	1.157	12.205	21.786
	2012	13.939	1.267	–	12.359	27.565
	2013	17.649	1.334	–	8.779	27.762
	2014	17.566	1.386	–	8.604	27.556
	2015	18.979	1.240	–	7.125	27.344
	2016	18.873	1.242	–	14.783	34.898
	2017	18.216	1.124	–	15.458	34.798
	2018	15.776	1.010	–	14.186	30.972
	2019	15.525	0.989	–	14.075	30.589
	2020	17.026	0.943	–	12.620	30.589
Market value rates						
	2011	0.196	–	–	–	0.196
	2012	0.215	–	–	–	0.215
	2013	0.217	–	–	–	0.217
	2014	0.223	–	–	–	0.223
	2015	0.215	–	–	–	0.215
	2016	0.201	–	–	–	0.201
	2017	0.188	–	–	–	0.188
	2018	0.222	–	–	–	0.222
	2019	0.210	–	–	–	0.210
	2020	0.219	–	–	–	0.219

Note 1: A tax rate based on market value is used for the District's referendum, equity, and transition levies.

Note 2: The levy for the Capital Projects – Building Construction Fund is a capital projects levy, which is included as a component of the general referendum levy based on net tax capacity. Starting in 2012, the tax capacity for this levy is included in the General Fund.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 273

Property Tax Levies and Receivables
Last Ten Years

For Taxes Collectible	Original Levy			
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread
2011	$ 33,450,877	$ 1,083,275	$ 164,911	$ 34,699,063
2012	38,740,332	1,064,935	–	39,805,267
2013	38,221,083	1,091,528	–	39,312,611
2014	38,892,673	1,069,308	–	39,961,981
2015	41,891,155	1,077,753	–	42,968,908
2016	50,099,457	1,093,428	–	51,192,885
2017	50,638,605	1,356,628	–	51,995,233
2018	53,267,718	1,453,095	–	54,720,813
2019	54,928,392	1,535,271	–	56,463,663
2020	57,725,395	1,585,499	–	59,310,894

Note 1: Delinquent taxes receivable are written off after seven years.

Note 2: A portion of the total spread levy was paid with state aid through various property tax credits for residential homestead properties through 2011. This tax credit program ended in 2012.

Source: State of Minnesota School Tax Report

Uncollected Taxes Receivable as of June 30, 2020

Delinquent Amount	Delinquent Percent	Current Amount	Current Percent
$ –	– %	$ –	– %
–	–	–	–
–	–	–	–
108,485	0.27	–	–
10,938	0.03	–	–
73,502	0.14	–	–
26,095	0.05	–	–
50,815	0.09	–	–
203,866	0.36	–	–
–	–	30,910,894	52.12
$ 473,701		$ 30,910,894	

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid) Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	Total Pupil Units
2011	72.25	506.30	3,808.45	3,875.72	8,262.72	9,571.81
2012	70.30	507.92	3,821.35	3,918.16	8,317.73	9,640.67
2013	78.84	502.78	3,807.72	3,979.41	8,368.75	9,710.33
2014	61.97	537.17	3,814.26	4,017.20	8,430.60	9,770.48
2015	79.79	518.55	3,827.59	4,030.07	8,456.00	9,261.99
2016	66.76	504.56	3,812.42	4,045.60	8,429.34	9,238.47
2017	61.94	558.16	3,783.81	4,075.40	8,479.31	9,294.37
2018	66.96	528.85	3,801.31	4,066.43	8,463.55	9,276.82
2019	114.71	506.53	3,761.88	4,029.08	8,412.20	9,218.13
2020	115.12	520.09	3,759.05	3,971.16	8,365.42	9,159.63

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–3	Elementary 4–6	Secondary
Fiscal 2011 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2020	1.000	1.000	0.550	1.000	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

SINGLE AUDIT AND OTHER REQUIRED REPORTS

INDEPENDENT SCHOOL DISTRICT NO. 273

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures		Noncash Assistance
U.S. Department of Agriculture				
Passed through Minnesota Department of Education				
Child nutrition cluster				
School Breakfast Program	10.553	$ 59,344		
National School Lunch Program	10.555	466,577		$ 111,996
COVID-19 – Summer Food Service Program for Children	10.559	175,229		
Total child nutrition cluster			$ 701,150	
U.S. Department of Education				
Passed through Minnesota Department of Education				
Special education cluster				
Special Education Grants to States	84.027	1,373,991		
Special Education Preschool Grants	84.173	51,964		
Total special education cluster			1,425,955	
Special Education – Grants for Infants and Families	84.181		30,637	
Title I Grants to Local Educational Agencies	84.010		170,509	
Supporting Effective Instruction State Grants	84.367		102,385	
English Language Acquisition State Grants	84.365		69,578	
Passed through SouthWest Metro Intermediate District No. 288				
Career and Technical Education – Basic Grants to States	84.048		12,218	
Total federal awards			$2,512,432	

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District's basic financial statements.

Note 2: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

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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

To the School Board and Management of
Independent School District No. 273
Edina, 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. 273, Edina, Minnesota (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon date December 28, 2020.

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) as a basis for designing 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 District'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2020-001, that we consider to be a material weakness.

(continued)

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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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

DISTRICT'S RESPONSE TO FINDING

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

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 28, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the School Board and Management of
Independent School District No. 273
Edina, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 273, Edina, Minnesota's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *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, 2020. The District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with 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 compliance for each of the District'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 each major federal program. However, our audit does not provide a legal determination of the District's compliance.

(continued)

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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 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 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as finding 2020-002, that we consider to be a significant deficiency.

DISTRICT'S RESPONSE TO FINDING

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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.

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

Minneapolis, Minnesota
December 28, 2020

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of
Independent School District No. 273
Edina, 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. 273, Edina, Minnesota (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 28, 2020.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, except as described in the Schedule of Findings and Questioned Costs as finding 2020-003. 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, insofar as they relate to accounting matters.

DISTRICT'S RESPONSE TO FINDING

The District's response to the legal compliance finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. The District's response was not subject to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

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

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

Minneapolis, Minnesota
December 28, 2020

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
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INDEPENDENT SCHOOL DISTRICT NO. 273

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued?		X Unmodified __ Qualified __ Adverse __ Disclaimer
Internal control over financial reporting:		
Material weakness(es) identified?	X Yes	__ No
Significant deficiencies identified?	__ Yes	X None reported
Noncompliance material to the financial statements noted?	__ Yes	X No

Federal Awards

Internal controls over major federal award programs:		
Material weakness(es) identified?	__ Yes	X No
Significant deficiencies identified?	X Yes	__ None reported
Type of auditor's report issued on compliance for major programs?		
U.S. Department of Agriculture – child nutrition cluster		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X Yes	__ No

Programs tested as major programs:

Program or Cluster	CFDA No.
The U.S. Department of Agriculture – child nutrition cluster consisting of:	
– School Breakfast Program	10.553
– National School Lunch Program	10.555
– COVID-19 – Summer Food Service Program for Children	10.559

Threshold for distinguishing between type A and B programs.	$ 750,000	
Does the auditee qualify as a low-risk auditee?	X Yes	__ No

B. FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001 Timeliness and Accuracy of Reconciliations

Criteria – Internal controls over financial reporting are intended to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. To be effective, control procedures, such as periodic and year-end account and subledger reconciliations, must be performed regularly, accurately, and in a timely manner.

Condition – During our audit, we noted several instances where reconciliations prepared by Independent School District No. 273, Edina, Minnesota's (the District) staff were not being performed as timely as in the past, or were not reconciled to the District's general ledger and underlying records. In addition, due to delays in the monthly reconciliation of cash and investments, investment income and electronic fund transfers receipts that cleared the bank were not being recorded in the District's general ledger in a timely manner. In previous audits of the District, we have generally found the District's internal controls over financial reporting to be well designed, implemented, and functioning properly. In the current year, although the internal controls were still considered to be well designed, the effectiveness of some control procedures was diminished, due to a lack of timeliness and accuracy.

Questioned Costs – Not applicable.

Context – This condition was noted in several areas, including cash and investments, property tax receipts, and capital assets.

Repeat Finding – This is a current year finding.

Cause – The performance of these control procedures was delayed, due to turnover in the District's business office staff.

Effect – This condition subjects the District to higher risk that misstatements could occur, due to errors or fraud, and not be prevented or detected in a timely manner.

Recommendation – We recommend that district management review the internal controls over the reconciliation of cash and other accounts, and ensure that periodic and year-end account reconciliations are completed timely and accurately.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. District management will continue to review its internal control procedures to ensure periodic and year-end cash and other account reconciliations are accurately completed in a timely manner going forward. The District has separately issued a Corrective Action Plan related to this finding.

INDEPENDENT SCHOOL DISTRICT NO. 273

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF AGRICULTURE, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, CHILD NUTRITION CLUSTER – CFDA NOS. 10.553, 10.555, AND 10.559

2020-002 Internal Control Over Compliance With Federal Suspension and Debarment Requirements

Criteria – 2 CFR § 180 requires the District to establish and maintain effective internal control over compliance with requirements applicable to federal program expenditures, including suspension and debarment requirements applicable to the child nutrition cluster federal program.

Condition – During our audit, we noted the District did not have sufficient controls in place within its child nutrition cluster federal programs to assure that it was not contracting for goods or services with parties that are suspended or debarred, or whose principals are suspended or debarred from participating in contracts involving the expenditures of federal program funds. For one of two vendors tested, the District did not have the required documentation of vendor checks as required by Uniform Guidance.

Questioned Costs – None. Our testing did not indicate any instances of noncompliance with these requirements.

Context – The District did not obtain the appropriate documentation for one of two vendors tested to ensure the vendor was not suspended or debarred from participation in federal program contracts.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – Noncompliance with the suspension and debarment requirements could result in the District expending federal funds with vendors that are not eligible to be parties to such transactions, which could be viewed as a violation of the award agreement. However, no instances of noncompliance were noted upon testing these vendors.

Recommendation – We recommend that the District review its internal control procedures relating to suspension and debarment for the child nutrition cluster federal program. Internal controls over compliance for this area should include verification that any vendor with which the District contracts for goods or services exceeding $25,000 is not listed as suspended or debarred on the federal Excluded Parties List System website.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review and update its policies and procedures relating to suspension and debarment for its federal programs to ensure compliance with the Uniform Guidance in the future. The District has separately issued a Corrective Action Plan related to this finding.

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

2020-003 Withholding Affidavit

Criteria – Minnesota Statutes § 270C.66.

Condition – Before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor or subcontractors, the District must obtain a certificate by the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements of Minnesota Statutes § 270C.66 (either a Commissioner of Revenue Form IC134 or a Contractor's Withholding Affidavit). The District did not obtain the required certificate for one of five contracts selected for testing prior to making final settlement during fiscal 2020.

Questioned Costs – Not applicable.

Context – One of five contracts tested was not in compliance.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – The District did not obtain the required documentation of either a Commissioner of Revenue Form IC134 or a Contractor's Withholding Affidavit as required by state statutes prior to making final settlement.

Recommendation – We recommend that the District review contracting requirements and procedures in place to ensure future compliance with this statute.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review requirements with appropriate staff to assure the planned controls are being followed and the required Commissioner of Revenue Form IC134 or a Contractor's Withholding Affidavit are obtained.

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2020

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 118,354,080	$ 118,354,080	$ -
Total expenditures		$ 117,667,501	$ 117,667,501	$ -
Nonspendable				
460	Nonspendable fund balance	$ -	$ -	$ -
Restricted				
401	Student activities	$ 26,531	$ 26,531	$ -
402	Scholarships	$ -	$ -	$ -
403	Staff development	$ -	$ -	$ -
407	Capital projects levy	$ -	$ -	$ -
408	Cooperative revenue	$ -	$ -	$ -
413	Projects funded by COP	$ -	$ -	$ -
414	Operating debt	$ -	$ -	$ -
416	Levy reduction	$ -	$ -	$ -
417	Taconite building maintenance	$ -	$ -	$ -
424	Operating capital	$ 1,328,338	$ 1,328,338	$ -
426	$25 taconite	$ -	$ -	$ -
427	Disabled accessibility	$ -	$ -	$ -
428	Learning and development	$ -	$ -	$ -
434	Area learning center	$ -	$ -	$ -
435	Contracted alternative programs	$ -	$ -	$ -
436	State approved alternative program	$ -	$ -	$ -
438	Gifted and talented	$ -	$ -	$ -
440	Teacher development and evaluation	$ -	$ -	$ -
441	Basic skills programs	$ -	$ -	$ -
448	Achievement and integration	$ 104,363	$ 104,363	$ -
449	Safe schools levy	$ -	$ -	$ -
451	QZAB payments	$ -	$ -	$ -
452	OPEB liability not in trust	$ -	$ -	$ -
453	Unfunded severance and retirement levy	$ -	$ -	$ -
459	Basic skills extended time	$ -	$ -	$ -
467	Long-term facilities maintenance	$ -	$ -	$ -
472	Medical Assistance	$ -	$ -	$ -
473	PPP loans	$ -	$ -	$ -
474	EIDL loans	$ -	$ -	$ -
464	Restricted fund balance	$ -	$ -	$ -
475	Title VII – Impact Aid	$ -	$ -	$ -
476	Payment in lieu of taxes	$ -	$ -	$ -
Committed				
418	Committed for separation	$ -	$ -	$ -
461	Committed fund balance	$ 1,068,409	$ 1,068,409	$ -
Assigned				
462	Assigned fund balance	$ 3,752,941	$ 3,752,941	$ -
Unassigned				
422	Unassigned fund balance	$ 8,613,512	$ 8,613,512	$ -
Food Service				
Total revenue		$ 2,475,919	$ 2,475,919	$ -
Total expenditures		$ 2,649,049	$ 2,649,049	$ -
Nonspendable				
460	Nonspendable fund balance	$ -	$ -	$ -
Restricted				
452	OPEB liability not in trust	$ -	$ -	$ -
474	EIDL loans	$ -	$ -	$ -
464	Restricted fund balance	$ 927,125	$ 927,125	$ -
Unassigned				
463	Unassigned fund balance	$ -	$ -	$ -
Community Service				
Total revenue		$ 7,453,883	$ 7,453,883	$ -
Total expenditures		$ 7,858,032	$ 7,858,032	$ -
Nonspendable				
460	Nonspendable fund balance	$ -	$ -	$ -
Restricted				
426	$25 taconite	$ -	$ -	$ -
431	Community education	$ 364,259	$ 364,259	$ -
432	ECFE	$ 61,180	$ 61,180	$ -
440	Teacher development and evaluation	$ -	$ -	$ -
444	School readiness	$ 75,443	$ 75,443	$ -
447	Adult basic education	$ -	$ -	$ -
452	OPEB liability not in trust	$ -	$ -	$ -
473	PPP loans	$ -	$ -	$ -
474	EIDL loans	$ -	$ -	$ -
464	Restricted fund balance	$ 27,173	$ 27,173	$ -
Unassigned				
463	Unassigned fund balance	$ -	$ -	$ -

INDEPENDENT SCHOOL DISTRICT NO. 273

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2020

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ 7,027,724	$ 7,027,724	$ –
Total expenditures		$ 19,691,000	$ 19,691,000	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
407	Capital projects levy	$ 416,531	$ 416,531	$ –
413	Projects funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 11,997,408	$ 11,997,408	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ 16,109,011	$ 16,109,011	$ –
Total expenditures		$ 15,735,561	$ 15,735,560	$ 1
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
433	Maximum effort loan	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
464	Restricted fund balance	$ 3,026,960	$ 3,026,960	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
Custodial Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
401	Student activities	$ –	$ –	$ –
402	Scholarships	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Internal Service				
Total revenue		$ 855,860	$ 855,860	$ –
Total expenditures		$ 744,260	$ 744,260	$ –
422	Net position	$ 601,205	$ 601,205	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Debt Service Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

Kennedy & Graven
CHARTERED

Offices in
Minneapolis
Saint Paul
St. Cloud

Fifth Street Towers
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300 telephone
(612) 337-9310 fax
kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

$______________
INDEPENDENT SCHOOL DISTRICT NO. 273
(EDINA PUBLIC SCHOOLS)
HENNEPIN COUNTY, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2021B

We have acted as bond counsel to Independent School District No. 273 (Edina Public Schools), Hennepin County, Minnesota (the "Issuer") in connection with the issuance by the Issuer of its General Obligation School Building Bonds, Series 2021B (the "Bonds"), originally dated ___________, 2021, and issued in the original aggregate principal amount of $_________________. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings, and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed and are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes levied by the Issuer on all taxable property of the Issuer, but if necessary for the payment thereof, additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. 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 generally and by equitable principles, whether considered at law or in equity.

5. The resolution adopted by the School Board of the Issuer on August 9, 2021, obligates the Issuer to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of that law against the State of Minnesota (the "State") in the absence of appropiated and available funds to pay the obligations of the State thereunder.

We have not been asked and have not undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated __________, 2021, at Minneapolis, Minnesota.

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)

$____________
INDEPENDENT SCHOOL DISTRICT NO. 273
(EDINA PUBLIC SCHOOLS)
HENNEPIN COUNTY, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2021B

CONTINUING DISCLOSURE CERTIFICATE

__________, 2021

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 273 (Edina Public Schools), Hennepin County, Minnesota (the "District"), in connection with the issuance of its General Obligation School Building Bonds, Series 2021B (the "Bonds"), in the original aggregate principal amount of $__________. The Bonds are being issued pursuant to resolutions adopted by the School Board of the District (the "Resolutions"). The Bonds are being delivered to ______________, [as syndicate manager] (the "Purchaser"), on the date hereof. Pursuant to the Resolutions, the District has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The District hereby 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 Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, 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" means any annual report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means annual financial statements of the District, prepared in accordance with GAAP as prescribed by GASB.

"Bonds" means the General Obligation School Building Bonds, Series 2021B, issued by the District in the original aggregate principal amount of $__________.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

"District" means Independent School District No. 273 (Edina Public Schools), Hennepin County, Minnesota, which is the obligated person with respect to the Bonds.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

"Final Official Statement" means the Final Official Statement, dated _____________, 2021, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the District.

"GAAP" means generally accepted accounting principles for governmental units as prescribed by GASB.

"GASB" means the Governmental Accounting Standards Board.

"Holder" means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Purchaser" means ____________________, [as syndicate manager].

"Repository" means EMMA, or any successor thereto designated by the SEC.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by 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 SEC.

"SEC" means Securities and Exchange Commission, and any successor thereto.

Section 3. <u>Provision of Annual Financial Information and Audited Financial Statements</u>.

(a) The District shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends June 30, 2021, 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, provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

(b) If the District is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice of that fact to the Repository and the MSRB.

(c) The District shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. Student Body
5. Employment/Unemployment Data

In addition to the items listed above, the Annual Report shall include the most recent Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

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 Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material 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 actions, 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) The District shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the District shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the District's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally-recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the District shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The District's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or 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 nationally-recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the District delivers to the Repository an opinion of nationally-recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively, or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the District to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. 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 Material 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 Material 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 Material Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

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IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

INDEPENDENT SCHOOL DISTRICT NO. 273 (EDINA PUBLIC SCHOOLS), HENNEPIN COUNTY, MINNESOTA

____

Board Chair

____

Clerk

APPENDIX E

TERMS OF PROPOSAL

$7,000,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2021B INDEPENDENT SCHOOL DISTRICT NO. 273 (EDINA PUBLIC SCHOOLS), HENNEPIN COUNTY, MINNESOTA

Proposals for the purchase of $7,000,000* General Obligation School Building Bonds, Series 2021B (the "Bonds") of Independent School District No. 273 (Edina Public Schools), Hennepin County, Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on September 8, 2021, at which time they will be opened, read and tabulated. On August 8, 2021, the School Board adopted a resolution which authorizes designated officials of the District to accept proposals on the Bonds on September 9, 2021. The Board will meet on September 13, 2021 at 7:00 P.M. to ratify and approve the sale of the Bonds. 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 May 11, 2021 by the District for the purpose of financing the acquisition and betterment of school sites and facilities in the District, including the construction of parking lot improvements at Countryside Elementary School, parking lot improvements and upgrades to lighting at Valley View Middle School, parking lot and bus traffic flow improvements and upgrades to lighting at Creek Valley Elementary School, and the expansion of the bus garage facility. 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 September 30, 2021, 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*
2030	$230,000	2032	$2,730,000	2034	$1,260,000
2031	100,000	2033	1,370,000	2035	1,310,000

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, 2022, 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 2030 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, 2030 shall be subject to optional redemption prior to maturity on February 1, 2029 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 September 30, 2021, 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 Kennedy & Graven, Chartered, Minneapolis, 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 $7,000,000 plus accrued interest on the principal sum of $7,000,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

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

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

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

A good faith deposit ("Deposit") in the amount of $140,000 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 School Board

Independent School District No. 273
(Edina Public Schools), Minnesota

PROPOSAL FORM

The School Board **September 8, 2021**
Independent School District No. 273 (Edina Public Schools), Hennepin County, Minnesota (the "District")

RE: $7,000,000* General Obligation School Building Bonds, Series 2021B (the "Bonds")
DATED: September 30, 2021

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 $7,000,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due	2030	________	% due	2032	________	% due	2034
________	% due	2031	________	% due	2033	________	% due	2035

* 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 2030 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 $140,000 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 September 30, 2021.

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 either the: _____10% test, or the _____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 September 30, 2021 of the above proposal is $_______________and the true interest cost (TIC) is __________%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 273 (Edina Public Schools), Hennepin County, Minnesota, on September 8, 2021.

By: ______________________________ By: ______________________________
Title: ______________________________ Title: ______________________________