

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 21, 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: S&P Global Ratings

INDEPENDENT SCHOOL DISTRICT NO. 624 (WHITE BEAR LAKE AREA SCHOOLS), MINNESOTA (Ramsey, Anoka and Washington Counties)

(Minnesota School District Credit Enhancement Program)

\$8,325,000* GENERAL OBLIGATION ALTERNATIVE FACILITIES REFUNDING BONDS, SERIES 2021B

PROPOSAL OPENING: November 3, 2021, 11:00 A.M., C.T.

CONSIDERATION: Not later than 11:59 P.M., C.T. on November 3, 2021 (PARAMETERS RESOLUTION)

PURPOSE/AUTHORITY/SECURITY: The \$8,325,000* General Obligation Alternative Facilities Refunding Bonds, Series 2021B (the "Bonds") are authorized pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 475.67, subdivision 3, by Independent School District No. 624 (White Bear Lake Area Schools), Anoka, Ramsey and Washington Counties, Minnesota (the "District"), for the purpose of effecting a current refunding of certain outstanding general obligations of the District as more fully described herein. 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: December 2, 2021

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$4,145,000	2024	\$4,180,000

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: The Bonds are being offered without option of prior optional redemption.

MINIMUM PROPOSAL: \$8,283,375.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$166,500 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).

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



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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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WHITE BEAR LAKE AREA SCHOOLS SCHOOL BOARD

		<u>Term Expires</u>
Donald Mullin	Board Chair	January 2022
Kim Chapman	Vice Chair	January 2022
Jessica Ellison	Clerk	January 2022
Deborah Beloyed	Treasurer	January 2022
Scott Arcand	Member	January 2024
Margaret Newmaster	Member	January 2024
Angela Thompson	Member	January 2024

ADMINISTRATION

Dr. Wayne Kazmierczak, Superintendent of Schools
Tim Wald, Assistant Superintendent for Finance & Operations
Andi Johnson, Director of Finance

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. 624 (White Bear Lake Area Schools), Minnesota (the "District") and the issuance of its \$8,325,000* General Obligation Alternative Facilities Refunding 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 authorizing the issuance and sale of the Bonds ("Ratifying 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 December 2, 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"). 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 Ratifying 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.

OPTIONAL REDEMPTION

The Bonds are being offered without the option of prior optional redemption.

*Preliminary, subject to change.

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 475.67, subdivision 3, by the District, for the purpose of effecting a current refunding of the District's \$8,850,000 General Obligation Alternative Facilities Bonds, Series 2012A as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 963439
Series 2012A Bonds	5/16/12	2/1/22	Par	2023	3.00%	\$4,365,000	YR9
				2024	3.00%	<u>4,485,000</u>	YS7
Total Series 2012A Bonds Being Refunded						<u>\$8,850,000</u>	

Proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. The District will pay the interest payment due on the Series 2012A Bonds on February 1, 2022 from the Debt Redemption Fund for the Series 2012A Bonds.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$8,325,000	
Reoffering Premium	<u>615,686</u>	
Total Sources		\$8,940,686

Uses

Total Underwriter's Discount (0.200%)	\$16,650	
Costs of Issuance	70,000	
Deposit to Redemption Fund	8,850,000	
Rounding Amount	<u>4,036</u>	
Total Uses		\$8,940,686

*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. In the event funds on hand for payment of principal and interest are at any time insufficient, the District is required to levy additional taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

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

The District currently has a "AA-" underlying rating from S&P 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 judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 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 payment 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 the purposes of this subdivision are annually appropriated to the [Department of Education] from the state general fund."

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

In its Official Statement dated September 9, 2021, for General Obligation State Bonds, Series 2021A and 2021B, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts.

"As of June 30, 2021, 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 \$16,995,000,000. 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 June 30, 2021 is currently estimated at \$2,500,000,000, with the maximum amount of principal and interest payable in any one month being \$975,700,000. 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.

Prior continuing disclosure undertakings entered into by the District included language stating that an Annual Report including the District's audited financial statements and operating data would be filed "as soon as available." Although the District did not provide financial statements "as soon as available", the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Other than what is described in this paragraph, the District believes it has complied in all material respects with its prior disclosure undertakings under the Rule in the last five years. 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 Ratifying 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(b)(3) of the Code, which permits financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 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 should other revenue (state aids) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

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

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

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

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

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

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

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

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

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

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

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

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%

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 \$9,518,471,515¹

2020/21 Assessor's Estimated Market Value

	Ramsey County	Anoka County	Washington County	Total
Real Estate	\$ 7,048,562,500	\$282,997,700	\$ 1,795,307,800	\$ 9,126,868,000
Personal Property	<u>56,838,300</u>	<u>4,801,300</u>	<u>13,694,200</u>	<u>75,333,800</u>
Total Valuation	<u>\$ 7,105,400,800</u>	<u>\$287,799,000</u>	<u>\$ 1,809,002,000</u>	<u>\$ 9,202,201,800</u>

2020/21 Net Tax Capacity

	Ramsey County	Anoka County	Washington County	Total
Real Estate	\$ 81,666,400	\$ 2,923,334	\$18,837,697	\$103,427,431
Personal Property	<u>1,112,723</u>	<u>95,626</u>	<u>268,657</u>	<u>1,477,006</u>
Net Tax Capacity	\$ 82,779,123	\$ 3,018,960	\$19,106,354	\$104,904,437
Less: Captured Tax Increment Tax Capacity ²	(1,254,737)	0	0	(1,254,737)
Fiscal Disparities Contribution ³	<u>(8,488,588)</u>	<u>(192,174)</u>	<u>(1,089,750)</u>	<u>(9,770,512)</u>
Taxable Net Tax Capacity	\$ 73,035,798	\$ 2,826,786	\$18,016,604	\$ 93,879,188
Plus: Fiscal Disparities Distribution ³	<u>7,818,481</u>	<u>383,729</u>	<u>1,705,388</u>	<u>9,907,598</u>
Adjusted Taxable Net Tax Capacity	<u>\$ 80,854,279</u>	<u>\$ 3,210,515</u>	<u>\$19,721,992</u>	<u>\$103,786,786</u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 96.83% 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 \$9,518,471,515.

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, special needs, etc. 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	\$ 60,419,367	57.59%
Agricultural	268,713	0.26%
Commercial/industrial	26,033,372	24.82%
Public utility	124,026	0.12%
Railroad operating property	331,366	0.32%
Non-homestead residential	16,107,182	15.35%
Commercial & residential seasonal/rec.	143,405	0.14%
Personal property	1,477,006	1.41%
Total	<u>\$104,904,437</u>	<u>100.00%</u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent +/- in Estimated Market Value
2016/17	\$7,024,391,100	\$6,642,277,006	\$78,200,541	\$76,954,115	+5.04%
2017/18	7,608,778,500	7,250,453,897	85,704,796	84,371,684	+8.32%
2018/19	8,120,118,600	7,778,590,377	92,147,861	90,500,059	+6.72%
2019/20	8,684,538,800	8,362,428,700	98,428,283	96,832,348	+6.95%
2020/21	9,202,201,800	8,889,906,689	104,904,437	103,786,786	+5.96%

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 TAXPAYERS

Taxpayer	Type of Property	2020/21 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Xcel Energy	Utility	\$ 1,312,308	1.25%
Presbyterian Homes of North Oaks	Residential/Commercial	640,886	0.61%
Timberland White Bear Woods LLC	Apartments	559,129	0.53%
Dakota Upreit LP	Commercial	376,912	0.36%
Menard Inc.	Commercial	320,388	0.31%
Buerkle Enterprises LLC	Commercial	320,224	0.31%
Maplewood 2007 LLC	Commercial	317,472	0.30%
MSP Vadnais LLC	Commercial	307,250	0.29%
Robert Commercial Properties & Co.	Commercial	296,946	0.28%
H B Fuller Co.	Commercial	286,894	0.27%
Total		<u>\$ 4,738,409</u>	<u>4.52%</u>

District's Total 2020/21 Net Tax Capacity \$104,904,437

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Ramsey, Anoka and Washington Counties.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids ² (includes the Bonds)*	<u>\$326,100,000</u>
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Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations ³	<u>\$6,150,000</u>
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*Preliminary, subject to change.

STATE AID FOR DEBT SERVICE

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

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

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

Some 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 0.2% of total annual debt service levies, based on the District's 2020/21 qualifying agricultural land valuation. Although the District expects to receive a small amount of Agricultural Credit in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aid.

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

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

³ Non-general obligation debt has not been included in the debt ratios.

Independent School District No. 624 (White Bear Lake Area Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 12/02/2021)

Alternative Facilities Bonds Series 2012A			Alternative Facilities Bonds Series 2014A			Alternative Facilities Bonds Series 2015A			Alternative Facilities Refunding Bonds Series 2017A			Facilities Maintenance Bonds Series 2018A		
Dated	05/16/2012	09/10/2014	06/04/2015	10/25/2017	03/29/2018									
Amount	\$8,850,000	\$5,900,000	\$9,370,000	\$10,275,000	\$15,970,000									
Maturity	02/01	02/01	02/01	02/01	02/01									
Fiscal Year														
Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	0	132,750	0	61,149	0	97,566	3,820,000	95,500	0	239,550				
2023			1,640,000	122,298	0	195,131			0	479,100				
2024			1,395,000	89,498	0	195,131			0	479,100				
2025			2,865,000	61,598	3,185,000	195,131			320,000	479,100				
2026					6,185,000	131,431			690,000	469,500				
2027									2,260,000	448,800				
2028									2,390,000	381,000				
2029									2,460,000	309,300				
2030									2,530,000	235,500				
2031									2,615,000	159,600				
2032									2,705,000	81,150				
2033														
2034														
2035														
2036														
2037														
2038														
2039														
2040														
2041														
2042														
2043														
2044														
2045	0	132,750	5,900,000	334,541	9,370,000	814,391	3,820,000	95,500	15,970,000	3,761,700				

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Independent School District No. 624 (White Bear Lake Area Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/02/2021)

Fiscal Year Ending	School Building Bonds Series 2020A				School Building Refunding Bonds Series 2020C				Facilities Maintenance Bonds Series 2021A				Alternative Facilities Refunding Bonds 1) Series 2021B				Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
2022			1,510,000	3,634,613													312,095,000	4.29%	2022
2023			4,580,000	7,208,825													298,795,000	8.37%	2023
2024			5,310,000	7,025,625													284,555,000	12.74%	2024
2025			4,670,000	6,813,225													270,715,000	16.98%	2025
2026			4,960,000	6,626,425													255,850,000	21.54%	2026
2027			7,210,000	6,428,025													242,860,000	25.53%	2027
2028			7,300,000	6,139,625													229,185,000	29.72%	2028
2029			7,560,000	5,847,625													215,060,000	34.05%	2029
2030			7,850,000	5,545,225													200,545,000	38.50%	2030
2031			8,185,000	5,309,725													189,745,000	41.81%	2031
2032			8,485,000	5,064,175													178,555,000	45.25%	2032
2033			10,345,000	4,809,625													168,210,000	48.42%	2033
2034			10,720,000	4,499,275													157,490,000	51.70%	2034
2035			11,130,000	4,177,675													146,360,000	55.12%	2035
2036			11,540,000	3,843,775													134,820,000	58.66%	2036
2037			11,970,000	3,584,125													122,850,000	62.33%	2037
2038			12,405,000	3,314,800													110,445,000	66.13%	2038
2039			14,645,000	3,004,675													95,800,000	70.62%	2039
2040			14,480,000	2,638,550													81,320,000	75.06%	2040
2041			15,385,000	2,276,550													65,935,000	79.78%	2041
2042			15,760,000	1,891,925													50,175,000	84.61%	2042
2043			16,235,000	1,419,125													33,940,000	89.59%	2043
2044			16,715,000	932,075													17,225,000	94.72%	2044
2045			17,225,000	430,625													0	100.00%	2045
			246,175,000	102,465,913													326,100,000		
																	438,687,503		

* Preliminary, subject to change.

1) This issue will refund the 2023 through 2024 maturities of the District's \$8,850,000 General Obligation Alternative Facilities Bonds, Series 2012A, dated May 16, 2012.

Independent School District No. 624 (White Bear Lake Area Schools), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 12/02/2021)

Certificates of Participation
Series 2020B

Dated Amount	07/30/2020 \$6,485,000	
Maturity	04/01	
Fiscal Year Ending	Principal	Interest
2022	680,000	138,675
2023	715,000	243,350
2024	745,000	207,600
2025	790,000	170,350
2026	830,000	130,850
2027	865,000	89,350
2028	900,000	54,750
2029	625,000	18,750
	6,150,000	1,053,675

Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
680,000	138,675	818,675	5,470,000	11.06%	2022
715,000	243,350	958,350	4,755,000	22.68%	2023
745,000	207,600	952,600	4,010,000	34.80%	2024
790,000	170,350	960,350	3,220,000	47.64%	2025
830,000	130,850	960,850	2,390,000	61.14%	2026
865,000	89,350	954,350	1,525,000	75.20%	2027
900,000	54,750	954,750	625,000	89.84%	2028
625,000	18,750	643,750	0	100.00%	2029
6,150,000	1,053,675	7,203,675			

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of the estimated market value of all taxable property situated within its corporate limits. 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	\$9,518,471,515
Multiply by 15%	<u>0.15</u>
Statutory Debt Limit	\$1,427,770,727
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(326,100,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	<u>(6,150,000)</u>
Unused Debt Limit*	<u><u>\$1,095,520,727</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2020/21 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt ²	District's Proportionate Share
Anoka County	\$ 453,476,406	0.7080%	\$ 49,315,000	\$ 349,150
Ramsey County w/Library	718,083,757	11.2597%	136,710,000	15,393,136
Washington County w/Library	363,058,143	5.4322%	113,845,000	6,184,288
City of Gem Lake	1,471,485	100.0000%	1,065,000	1,065,000
City of Hugo	18,980,868	90.5219%	16,505,000	14,940,640
City of Lino Lakes	27,800,937	11.5482%	11,648,720	1,345,217
City of Little Canada	14,797,744	9.6344%	2,520,000	242,787
City of Maplewood	54,845,981	1.7614%	65,492,811 ³	1,153,590
City of North Oaks	16,784,732	26.4533%	120,000	31,744
City of Vadnais Heights	21,610,508	89.1761%	5,045,000	4,498,934
City of White Bear Lake	36,149,264	97.6446%	18,970,000	18,523,181
Town of White Bear	17,743,842	99.8010%	10,775,000	10,753,558
Metro Watershed District	165,660,399	11.8743%	3,472,000	412,276
Metropolitan Council	4,884,505,255	2.1248%	193,320,000 ⁴	4,107,663
District's Share of Total Overlapping Debt				<u><u>\$79,001,164</u></u>

DEBT PAYMENT HISTORY

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

¹ Overlapping debt is as of the dated date of the 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 Total outstanding debt includes a portion of the City of Maplewood's sale of its \$8,915,000 General Obligation Refunding Bonds, Series 2021B (\$8,915,000 current principal outstanding), which are scheduled to sell on October 25, 2021 and scheduled to close on November 18, 2021.

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 (\$9,518,471,515)	Debt/ Current Population Estimate (65,782)
Direct G.O. Debt Being Paid From Taxes and State Aids (includes the Bonds)*	\$326,100,000	3.43%	\$4,957.28
District's Share of Total Overlapping Debt	<u>\$ 79,001,164</u>	<u>0.83%</u>	<u>\$1,200.95</u>
Total*	<u><u>\$405,101,164</u></u>	<u><u>4.26%</u></u>	<u><u>\$5,901.55</u></u>

*Preliminary, subject to change.

FUTURE FINANCING

The District plans to issue approximately \$50,000,000 General Obligation School Building Bonds in Spring 2022.

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	\$35,951,472	\$35,688,387	\$35,931,173	99.94%
2017/18	38,502,366	38,258,661	38,467,144	99.91%
2018/19	43,644,799	43,375,109	43,571,262	99.83%
2019/20	55,526,280	55,263,714	55,263,714	99.53%
2020/21	57,211,275	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.

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

² Collections are through December 31, 2020 for Ramsey, Anoka and Washington Counties.

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

TAX CAPACITY RATES¹

	2016/17	2017/18	2018/19	2019/20	2020/21
I.S.D. No. 624 (White Bear Lake Area Schools)	23.476%	23.685%	26.081%	36.777%	37.074%
Anoka County w/Library	36.841%	35.334%	34.473%	33.078%	31.086%
Anoka County/City Radio	0.432%	0.486%	0.435%	0.405%	0.383%
Ramsey County	51.173%	49.473%	48.565%	48.081%	43.859%
Ramsey County Library	4.677%	4.489%	4.315%	4.221%	3.901%
Washington County w/Library	30.448%	29.983%	29.682%	28.944%	27.435%
City of Birchwood	24.302%	24.904%	23.012%	28.068%	29.231%
City of Gem Lake	41.111%	39.361%	40.457%	41.289%	36.268%
City of Hugo	36.360%	36.330%	36.274%	39.279%	39.294%
City of Lino Lakes	45.140%	42.826%	41.817%	39.870%	40.109%
City of Little Canada	28.903%	26.664%	26.131%	25.773%	23.983%
City of Maplewood	47.248%	45.911%	44.693%	44.646%	41.953%
City of North Oaks	10.047%	10.873%	11.253%	11.698%	11.767%
City of Vadnais Heights	26.845%	24.872%	24.127%	24.583%	23.298%
City of White Bear Lake	18.969%	19.058%	20.190%	20.629%	20.355%
Town of White Bear Lake ²	21.976%	21.623%	21.722%	21.760%	24.142%
Anoka County RR Authority	0.802%	0.738%	0.685%	0.494%	0.481%
Metro Watershed	3.813%	3.746%	3.387%	3.248%	2.938%
Metropolitan Council	3.967%	3.810%	3.376%	3.182%	3.082%
Metropolitan Mosquito Control	1.385%	1.333%	1.262%	1.191%	1.132%
Metropolitan Transit District	2.723%	2.588%	2.710%	2.720%	2.381%
Regional Rail Authority	4.118%	4.054%	4.061%	4.083%	3.982%
Rice Creek Watershed	5.900%	5.442%	5.532%	5.125%	5.497%
Valley Branch Watershed	1.643%	2.101%	3.652%	3.019%	3.673%
Washington County CDA	1.475%	1.469%	1.423%	1.356%	1.289%

Continued on next page ~

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.

² Representative town rate.

TAX CAPACITY RATES CONTINUED

	2016/17	2017/18	2018/19	2019/20	2020/21
<i>Referendum Market Value Rates:</i>					
I.S.D. No. 624 (White Bear Lake Area Schools)	0.22996%	0.22280%	0.23240%	0.22380%	0.18064%
Washington County	0.00378%	0.00353%	0.00330%	0.00342%	0.00325%
City of Maplewood	0.00767%	0.00725%	0.00657%	0.00633%	0.00000%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Ramsey, Anoka and Washington Counties.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 1,338, including 649 non-licensed employees and 689 licensed employees (644 of whom are teachers). The District provides education for 8,476 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
Administrators	June 30, 2021
Clerical	June 30, 2021
Custodians	June 30, 2021
Food Service	June 30, 2021
Principals	June 30, 2021
Teachers	June 30, 2023
Bus Drivers	June 30, 2021
Confidentials	June 30, 2021
Extended Day	June 30, 2021
Paraprofessionals	June 30, 2021
Superintendent	June 30, 2023

Status of Contracts

Negotiations on contracts which expired on June 30, 2021 will begin in the near future.

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 Comprehensive Annual Financial Report (Audit) shows a total OPEB liability of \$16,990,591 as of June 30, 2020. In October of 2008, the District issued \$40,085,000 in OPEB Bonds to fund an irrevocable trust. As of June 30, 2020, the net position of the trust was \$33,899,011. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent Audit.

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	675	4,120	3,729	8,524
2018/19	682	4,137	3,743	8,562
2019/20	686	4,075	3,798	8,559
2020/21	640	3,858	3,839	8,337
2021/22	633	3,727	3,884	8,244

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2022/23	638	3,721	3,931	8,290
2023/24	643	3,798	3,973	8,414
2024/25	644	3,858	4,005	8,507

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Birch Lake Elementary	1966	1970, 1994, 2000
Hugo Elementary	1961	1961, 1967, 1988, 1995, 2007
Lakeaires Elementary	1960	1967, 1994, 2014
Lincoln Elementary	1952	1956, 1961, 1994, 2021
Matoska Elementary	1962	1962, 1969, 1994, 2005, 2013, 2021
Oneka Elementary	2006	--
Otter Lake Elementary	1987	--
Vadnais Heights Elementary	1950	1955, 1979, 1987, 2012, 2021
Willow Lane Elementary	1965	1965, 1994, 2014, 2021
Central Middle School	1918	1924, 1928, 1935, 1953, 1998, 2005
Sunrise Park Middle School	1959	1961, 1994, 2020
White Bear Lake Area High School - North	1963	1965, 1966, 1994, 1995, 1998, 1999, 2020
White Bear Lake Area High School - South	1971	1971, 1987, 1995, 2005, 2008, 2020, 2021
Normandy Park Education Center	1960	--
Area Learning Center	1964	1964, 1994, 2021
Hippodrome	1928	1994, 2000

FUNDS ON HAND (as of September 1, 2021)

Fund	Total Cash and Investments
General	\$ 20,041,929
Food Service	1,170,382
Community Service	1,818,718
Debt Service	8,955,069
Building/Construction	251,832,092
Trust & Agency	151,466
Internal Service	4,523,341
OPEB Trust	38,878,390
OPEB Debt Service	3,351,794
Total Funds on Hand	<u>\$330,723,181</u>

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					
Property taxes	\$23,936,695	\$25,808,561	\$26,346,415	\$28,700,245	\$32,584,934
Investment earnings	340,801	447,891	260,057	10,000	10,000
Other	3,523,717	3,608,643	3,144,981	2,667,408	2,774,000
State sources	77,099,110	81,061,081	82,882,934	83,427,482	84,334,484
Federal sources	2,693,184	3,378,693	3,291,408	8,310,429	5,829,252
Total Revenues	\$107,593,507	\$114,304,869	\$115,925,795	\$123,115,564	\$125,532,670
Expenditures					
Current:					
Administration	\$4,439,908	\$4,767,244	\$4,754,277	\$4,894,424	\$4,885,000
District support services	2,294,145	2,486,960	2,482,463	2,626,613	2,642,445
Elementary and secondary regular instruction	50,957,956	51,578,338	52,869,123	56,693,067	55,663,965
Vocational education instruction	1,466,872	1,781,712	1,571,515	1,453,089	1,479,564
Special education instruction	22,539,239	23,855,666	24,453,211	24,585,260	24,787,700
Instructional support services	8,699,660	8,842,082	8,398,544	7,805,727	7,542,306
Pupil support services	12,723,412	13,093,273	12,929,240	13,107,302	13,238,975
Sites and buildings	8,271,678	9,332,455	8,369,840	9,869,731	12,693,035
Fiscal and other fixed cost programs	295,206	293,113	326,531	853,034	847,372
Debt service	1,070,705	1,070,741	1,070,756	1,067,230	1,067,229
Total Expenditures	\$112,758,781	\$117,101,584	\$117,225,500	\$122,955,477	\$124,847,591
Excess of revenues over (under) expenditures	(5,165,274)	(2,796,715)	(1,299,705)	160,087	685,079
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	\$0	\$0	\$4,600	\$0	\$0
Operating transfers in	0	0	0	0	0
Operating transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	4,600	0	0
Net changes in Fund Balances	(\$5,165,274)	(\$2,796,715)	(\$1,295,105)	\$160,087	\$685,079
General Fund Balance July 1	\$25,039,604	\$19,874,330	\$17,077,615	\$15,782,510	\$15,942,597
Prior Period Adjustment	0	0	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance June 30	\$19,874,330	\$17,077,615	\$15,782,510	\$15,942,597	\$16,627,676
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	\$515,138	\$407,677	\$14,573	\$14,573	\$14,573
Restricted	1,360,676	3,723,893	6,245,665	6,245,665	7,968,246
Assigned	5,572,835	3,344,748	2,294,880	2,294,880	294,880
Unassigned	12,426,576	9,601,297	7,227,392	7,387,479	8,349,977
Total	\$19,875,225	\$17,077,615	\$15,782,510	\$15,942,597	\$16,627,676

¹ The 2020-21 revised budget was adopted on February 8, 2021. District administration anticipates that, based on preliminary unaudited information, the district will experience a net change in fund balances for 2020-21 of \$500,000.

² The 2021-22 budget was adopted on June 14, 2021.

GENERAL INFORMATION

LOCATION

The District, with a 2010 U.S. Census population of 61,182 and a current population estimate of 65,782, and comprising an area of 44.5 square miles, is located in the Minneapolis-St. Paul metropolitan area, approximately 13 miles northeast from the City of St. Paul.

LARGER EMPLOYERS¹

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 624 (White Bear Lake Area Schools)	Elementary and secondary education	1,338
HB Fuller	Adhesives/sealant manufacturer	646 ²
Century College	Community and technical college	600
I.C. Systems	Computerized business systems	564
Heraeus Medical Components	Surgical & medical instrument manufacturing	550
Bal Seal Engineering	Engineered sealing manufacturer	500
Wilson Tool International, Inc.	Sheet metal tool manufacturer	500
Walmart Supercenter	Discount retail store	410
Trane	HVAC distributor	360 ³
Cerenity Care Center of White Bear Lake	Nursing home and senior living	277

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

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. 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 June 2020.

³ Total number of employees as of May 2019.

U.S. CENSUS DATA

Population Trend: The District

2000 U.S. Census population	54,671
2010 U.S. Census population	61,182
2019 Population Estimate	65,782
Percent of Change 2000 - 2010	+ 11.91%

Income and Age Statistics

	The District	Ramsey County	State of Minnesota	United States
2019 per capita income	\$42,376	\$35,013	\$37,625	\$34,103
2019 median household income	\$85,080	\$64,660	\$71,306	\$62,843
2019 median family income	\$105,279	\$85,923	\$89,842	\$77,263
2019 median gross rent	\$1,203	\$1,007	\$977	\$1,062
2019 median value owner occupied units	\$246,000	\$229,600	\$223,900	\$217,500
2019 median age	42.5 yrs.	35.0 yrs.	38.0 yrs.	38.1 yrs.

	State of Minnesota	United States
District % of 2019 per capita income	112.63%	124.26%
District % of 2019 median family income	117.18%	136.26%

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.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Ramsey County	Ramsey County	State of Minnesota
2017	277,726	3.2%	3.4%
2018	281,072	2.7%	3.0%
2019	283,379	3.0%	3.2%
2020	270,946	6.5%	6.2%
2021, August	273,319	4.0%	3.4%

Source: Minnesota Department of Employment and Economic Development.

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.

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020

INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA

4855 Bloom Avenue
White Bear Lake, MN 55110

Prepared by:
Business Office

Assistant Superintendent for Finance and Operations
Tim Wald

Controller
Andi Johnson, CPA

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INTRODUCTORY SECTION



White Bear Lake Area Public Schools Independent School District 624

FINANCE DEPARTMENT

4855 BLOOM AVE
WHITE BEAR LAKE, MN 55110
(651) 407-7518 FAX (651) 407-7521

December 22, 2020

To the Board of Education, Citizens, and Employees of Independent School District No. 624:

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 624, White Bear Lake, Minnesota (the District) for the fiscal year ended June 30, 2020 is submitted herewith. The audit report was completed on December 22, 2020, and the report was subsequently issued. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; is presented in a manner designed to fairly set forth the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial status have been incorporated within this report.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District's organizational chart, a list of principal officials, and the Certificates of Achievement for Excellence in Financial Reporting. The financial section includes the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplemental information, as well as the independent auditor's report on the financial statements. The statistical section includes a number of tables of unaudited data depicting the financial history of the District for the past 10 years, demographics, and other miscellaneous information.

The District is required to undergo an annual Single Audit as required by the U.S. Office of Management and Budget's Uniform Guidance. Information related to this Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and independent auditor's reports on internal controls and compliance with applicable laws and regulations, are included in a separate report. Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity and Its Services

In January 1857, James F. Murray and other White Bear Lake settlers decided to establish their own school district. Upon approval from the county for this new district, Murray donated property along Bald Eagle Lake for a new school. At a cost of \$100, and with the help of community labor, the first schoolhouse in White Bear Lake was opened in 1857, a year before Minnesota became the 32nd state in the Union.

The District, which is located about 15 miles northeast of St. Paul, Minnesota, the state capital, was officially formed in its current structure through legislative action in 1957. The governing body consists of a seven-member Board of Education elected from within the District's boundaries. The District serves about 8,707 students in pre-kindergarten through Grade 12. Geographically, the District's boundaries include portions of Anoka, Ramsey, and Washington counties, and serves all or part of the following municipalities: Birchwood, Gem Lake, Hugo, Lino Lakes, Little Canada, North Oaks, Vadnais Heights, White Bear Lake, and White Bear Township.

The District provides a full range of public education services appropriate to grade levels ranging from pre-kindergarten through Grade 12. This includes regular and enriched academic education and special education for exceptional children. Nutrition services and transportation are provided as support programs. The District's community education program includes early childhood and extended day programs, along with a myriad of classes for lifelong learning experiences for children and adults.

During 2019–2020, the District operated 21 buildings. A list of school facilities as of June 30, 2020 is included in the statistical section of this report.

Based on legislative authority, the Board of Education:

- a. has the corporate power to sue and be sued in all courts;
- b. has the power to levy and collect taxes and to issue bonds;
- c. can contract for appointed administrators, teachers, and other personnel as well as for goods and services;
- d. holds title to all district property; and
- e. appoints the treasurer who serves as legal custodian of all of the District's funds.

The mission of the District, a leader in innovation education and community partnerships, is to ensure our students:

- develop a love for learning,
- excel academically,
- are inspired to realize their dreams, and
- become engaged citizens with a global understanding

by challenging each student within a dynamic, respectful, and inclusive environment that nurtures the unique talents and abilities of every student. In addition, the District's core values are compassion, integrity, respect, responsibility, and service.

The District enjoys the atmosphere of a close-knit community and the learning opportunities of a major metropolitan center. The District is proud of its reputation for excellence in every part of a student's career and of its teacher training. In comparison with other school districts in the state, the District ranks high in its educational programs and scholastic abilities of its graduates. Because of the foresight of its early settlers, the District has one of the finest educational systems in the state.

Economic Conditions

The various communities that comprise the District participate in the deep and diverse Twin Cities metropolitan area economy and enjoy strong market value growth [Source: Standard & Poor's (S&P)]. The communities are all committed to careful planning and thoughtful community renewal, range from partially to nearly fully developed, and are diverse and independent. After declining for several years as a result of the Great Recession, the market value of property within the District has increased over the past several years, to an estimated current value of \$8.5 billion. The U.S. Census Bureau estimated that as of 2018, the District had approximately 65,782 residents.

Current Financial Conditions

The District will continue to closely monitor its General Fund reserve. As of June 30, 2020, the District's unassigned fund balance was \$7.2 million. Adequate fund balances are critical during difficult financial times. For example, in order to mitigate its cash flow problems in recent years, the state of Minnesota twice postponed aid payments to school districts. While the vast majority of Minnesota school districts resorted to borrowing funds to ensure an appropriate level of liquidity, the District's fund balance was sufficient so that it did not need to borrow funds to meet its financial obligations and avoided the costs associated with borrowing.

In September 2020, S&P's Rating Services assigned a rating of AA- in association with the issuance of its 2020C General Obligation School Building Refunding Bonds. The District's credit rating reflects S&P's opinion that the district's economy should continue to support conditions going forward, supporting stable finances and a stable overall credit profile. While the COVID-19 pandemic has drastically changed the way that the District operates, the District is well-positioned to navigate the possible negative effect of COVID-19 on finances.

Financial Future of the District

District residents have supported the District as evidenced by recent elections that have resulted in increased resources for the District.

In November 2019, White Bear Lake Area School District voters approved a \$326 million building bond request to address building needs across the district by a 57–43 percent margin. The bond funding will be used to address projected enrollment growth throughout the district; provide safe, secure and healthy learning environments for all students through investments in our aging facilities and infrastructure; increase opportunities for students by creating a single unified grades 9-12 high school; and create flexibly-designed learning spaces to support student-centered instruction.

In November 2017, an operating levy renewal passed by an 80–20 percent margin. This operating levy will be in place through the 2027–2028 school year. In November 2013, a capital projects referendum passed by a 61–39 percent margin and will be in effect for 10 years. These successful elections have brought increased financial stability to the District and will allow for continued efforts to improve and expand program offerings, maintain class sizes, and to make necessary capital investments, such as in the areas of musical instruments, technology, science labs, and curricular materials.

Minnesota's 2013–2019 legislative sessions brought welcome resources to school districts across the state. The long-term prospects for education funding at the state level remain a concern, as K–12 funding increases have typically been around 1.0–2.0 percent annually, which is outpaced by the rate of inflation. The effect of the COVID-19 pandemic on the state's economy bring about further concerns about the status of education funding in the future.

The District has a Finance Committee that reviews pertinent finance-related topics and serves in an advisory capacity to the District's administrative team. The committee is comprised of three Board of Education members, community members, the Superintendent, the Controller, the Accounting Coordinator, and the Assistant Superintendent for Finance and Operations, who serves as the District's Chief Financial Officer.

Financial Reporting Awards

For the 20th consecutive year, the District has received both the Government Finance Officers Association of the United States and Canada and the Association of School Business Officials International awards for excellence in financial reporting. The Board of Education is proud to have received these awards, which provide evidence to the community, financial institutions, and the general public that the District is committed to sound financial reporting.

Internal Accounting

Minnesota Statutes § 123B.77, which became law in 1976, requires all school districts within the state to comply with the Uniform Financial Accounting and Reporting Standards.

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit – As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

Budgeting Controls – In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Projected financial plans are adopted for capital expenditures.

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Each June, the Board of Education adopts an annual budget for the following fiscal year for all governmental funds, except the Capital Projects – Building Construction Fund. This fund relies on bond issue project budgets for budgetary controls. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Budgetary control is maintained at line item levels and built up into program and/or cost centers before being combined to form totals by fund. All actual activity compared to budget is reported to the District's management on a regular basis. This report compares each line item account balance to the annual budget with accumulation to the cost center, fund, and total district levels. For example, the District maintains an encumbered accounting system as one technique in accomplishing budgetary control. Encumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Independent Audit – Minnesota Statutes and the District's adopted policy require an annual audit of the books of accounts, financial records, and transactions of all funds of the District. The audit is done by independent certified public accountants selected by the District's Board of Education. This requirement has been complied with and the accountant's report has been included in this report.

Closing Statement – It is the goal of this CAFR to provide the District's management, outside investors, and interested local citizens with a meaningful financial presentation. We hope that all readers of this report will obtain a clear and concise understanding of the District's financial condition as of June 30, 2020.

The preparation of this report on a timely basis could not be accomplished without the efforts of Seth Mader, our Accounting Coordinator, Andi Johnson, our Controller, and the dedicated members of the Finance Office who assisted in the closing of the District's financial records and the preparation of this report.

We would like to extend our appreciation to the members of the District's Finance Committee and the Board of Education for their commitment of time and support in planning and conducting the financial matters of the District in a responsible and progressive manner.

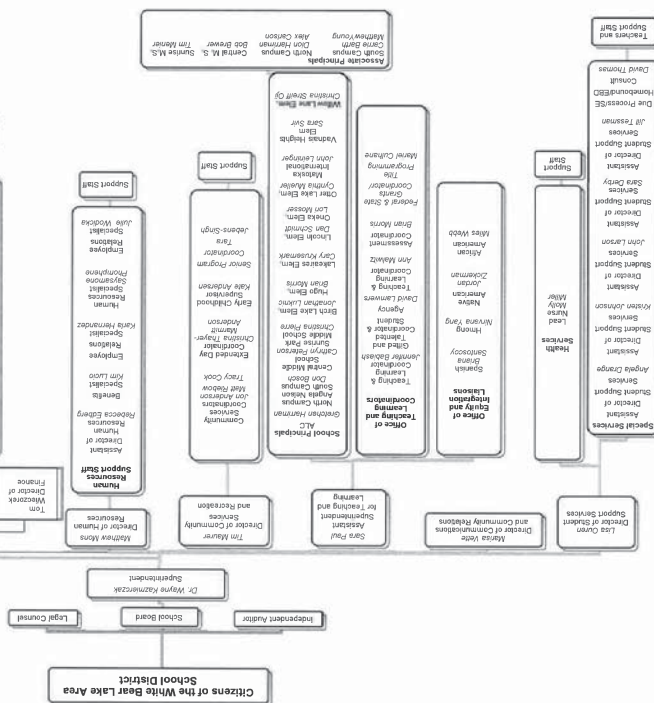
Respectfully submitted,

Wayne A. Kazmierczak

Wayne A. Kazmierczak, Ph.D.
Superintendent of Schools

Timothy Wald

Timothy Wald, Ph.D.
Assistant Superintendent for Finance and Operations



INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Officials
as of June 30, 2020

BOARD OF EDUCATION

	Term Expires	Position
Don Mullin	December 31, 2021	Chairperson
Kim Chapman	December 31, 2021	Vice Chairperson
Deb Beloyed	December 31, 2021	Treasurer
Jessica Ellison	December 31, 2021	Clerk
Scott Arcand	December 31, 2023	Member
Marge Newmaster	December 31, 2023	Member
Angela Thompson	December 31, 2023	Member

ADMINISTRATION OFFICIALS

Wayne Kazmierczak, Ph.D.	Superintendent of Schools
Tim Wald	Assistant Superintendent for Finance and Operations
Lisa Ouren	Director of Student Support Services
Sara Paul	Assistant Superintendent for Teaching and Learning
Marisa Vette	Director of Communications and Community Relations
Matthew Mons	Director of Human Resources
Steve Asper	Director of Technology
Timothy Maurer	Director of Community Services and Recreation



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**White Bear Lake Area Schools
Independent School District #624
Minnesota**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO



The Certificate of Excellence in Financial Reporting
is presented to

Independent School District No. 624

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



Claire Hertz, SFO
President

David J. Lewis
Executive Director

FINANCIAL SECTION

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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 Board of Education and Management of
Independent School District No. 624
White Bear Lake, 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. 624 (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 statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

(continued)

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 26, 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 22, 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 22, 2020

INDEPENDENT SCHOOL DISTRICT NO. 624

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

This section of Independent School District No. 624's (the District) Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis (MD&A) 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 CAFR. The MD&A is a narrative overview and analysis presented as required supplementary information.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources were less than its liabilities and deferred inflows of resources at June 30, 2020 by \$73,208,956 (net position deficit). The District's total net position increased by \$3,093,999 during the fiscal year ended June 30, 2020. Part of this increase relates to growth in the District's net other post-employment benefits (OPEB) plan assets and positive operating results in the internal service funds. 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 unrestricted net position in the current year. The District's net investment in capital assets increased \$4,099,518 in 2020. This change in net position relates to the relationship between the rate at which the District is adding additional capital assets, the rate capital assets are being depreciated, and how that compares to the rate at which the District is repaying the debt issued to purchase or construct those assets.
- The General Fund's total fund balance (under the governmental fund presentation) decreased \$1,295,104 from the prior year, compared to an increase of \$531,244 planned in the budget. This was the result of lower than anticipated state aid revenue, offset by conservative expenditures for staffing.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

- Over time, increases or decreases in the District's net position 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, transportation, administration, food service, 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 can be found in the combining and individual fund statements and schedules.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

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

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

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	2020	2019
Assets		
Current and other assets	\$ 361,326,749	\$ 98,224,176
Capital assets, net of depreciation	73,710,745	59,871,392
Total assets	\$ 435,037,494	\$ 158,095,568
Deferred outflows of resources		
Pension plan deferrals	\$ 61,944,625	\$ 90,034,250
OPEB plan deferrals	843,316	1,011,980
Total deferred outflows of resources	\$ 62,787,941	\$ 91,046,230
Liabilities		
Current and other liabilities	\$ 8,919,391	\$ 5,708,761
Long-term liabilities, including due within one year	415,782,614	164,716,568
Total liabilities	\$ 424,702,005	\$ 170,425,329
Deferred inflows of resources		
Property taxes levied for subsequent year	\$ 53,959,030	\$ 41,944,788
Pension plan deferrals	89,015,115	110,935,705
Deferred charges on refunding	168,277	210,346
OPEB plan deferrals	3,189,964	1,928,585
Total deferred inflows of resources	\$ 146,332,386	\$ 155,019,424
Net position		
Net investment in capital assets	\$ 5,686,148	\$ 1,586,630
Restricted	7,836,207	6,877,281
Unrestricted	(86,731,311)	(84,766,866)
Total net position	\$ (73,208,956)	\$ (76,302,955)

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, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for severance benefits, OPEB, and pensions. This impacts the unrestricted portion of net position.

The change in the District's share of the PERA and the TRA pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. The issuance of the voter-approved 2020A General Obligation School Building Bonds and the resulting capital spending resulted in a large increase in current and other assets, capital assets, net of depreciation, current and other liabilities, long-term liabilities, and net investment in capital assets.

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

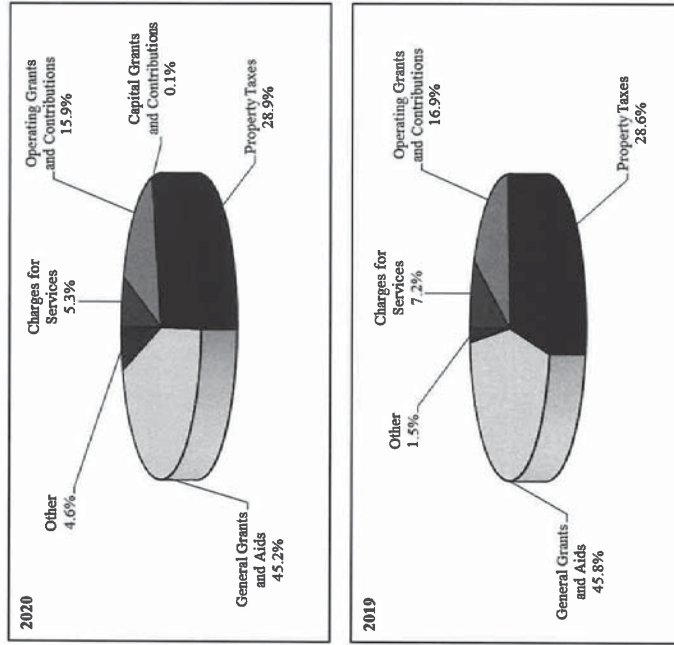
Table 2 Summary Statement of Activities for the Years Ended June 30, 2020 and 2019		
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 7,751,708	\$ 9,605,293
Operating grants and contributions	23,418,865	22,617,917
Capital grants and contributions	98,464	—
General revenues		
Property taxes	42,471,448	37,964,052
General grants and aids	66,568,401	60,829,833
Other	6,723,430	1,963,662
Total revenues	147,032,316	132,980,757
Expenses		
Administration	5,070,472	3,526,940
District support services	2,577,725	2,359,021
Elementary and secondary regular instruction	56,797,734	33,989,388
Vocational education instruction	1,685,647	1,393,443
Special education instruction	25,958,489	17,297,032
Instructional support services	10,911,975	7,151,776
Pupil support services	13,412,477	11,771,090
Sites and buildings	9,038,418	10,487,501
Fiscal and other fixed cost programs	326,531	293,113
Food service	4,220,848	4,510,000
Community service	7,108,410	6,357,060
Depreciation not allocated to other functions	2,562,513	2,492,595
Interest and fiscal charges	4,267,078	3,063,233
Total expenses	143,938,317	104,692,192
Change in net position	3,093,999	28,288,565
Net position – beginning of year	(76,302,955)	(104,591,520)
Net position – end of year	\$ (73,208,956)	\$ (76,302,955)

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

Revenues increased with funding improvements in general and special education funding formulas. The increase in property taxes includes an increase to the debt service levy mainly for OPEB bonds. Other general revenues increased related to investment earnings from building bonds mentioned earlier. The decline in charges for services in the current year is the result of less programming related to the shutdown resulting from the COVID-19 pandemic. The significant increases in expenses reflects the change in the PERA and the TRA multiple-employer defined benefit pension plans mentioned earlier.

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

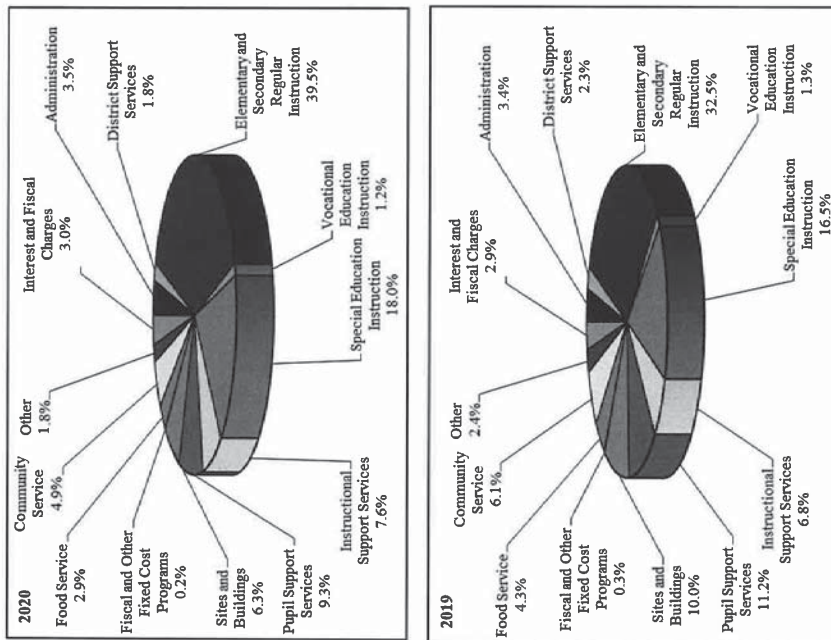
Figure A – Sources of Revenues for Fiscal Years 2020 and 2019



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.

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 higher portion 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 of each of the District's governmental funds:

	2020	2019	Change
Major funds			
General	\$ 15,783,406	\$ 17,078,510	\$ (1,295,104)
Capital Projects – Building Construction	261,314,543	12,556,918	248,757,625
Debt Service	2,929,739	2,662,158	267,581
Nonmajor funds			
Food Service Special Revenue	580,211	746,910	(166,699)
Community Service Special Revenue	703,417	1,221,426	(518,009)
Total governmental funds	\$ 281,311,316	\$ 34,265,922	\$ 247,045,394

The decrease in fund balance in the General Fund resulted from increased costs for salaries and employee benefits in the areas of regular instruction and special education instruction that exceeded the marginal increase in state aid received. The significant increase in fund balance in the Capital Projects – Building Construction Fund is related to the issuance of bond proceeds in the current year. Decreases in the Food Service and Community Service Special Revenue Funds can be attributed to a change in operations related to the COVID-19 pandemic.

Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

	Original Budget	Final Budget	Change	Percent Change
Revenue and other financing sources	\$ 117,741,204	\$ 120,011,670	\$ 2,270,466	1.9 %
Expenditures and other financing uses	\$ 118,268,506	\$ 119,480,426	\$ 1,211,920	1.0 %

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to previously as the original budget. During the year, the District might amend that budget for known changes in circumstances such as enrollment levels, legislative funding, and employee contract settlements.

Table 5 summarizes the operating results of the General Fund:

Table 5 General Fund Operating Results				
	2020 Actual	Over (Under) Final Budget Amount	Percent	Over (Under) Prior Year Amount Percent
Revenues and other financing sources	\$ 115,930,396	\$ (4,081,274)	(3.4%)	\$ 1,625,527 1.4%
Expenditures and other financing uses	117,235,500	\$ (2,254,926)	(1.9%)	\$ 121,916 0.1%
Net change in fund balances	\$ (1,295,104)			

Revenues came in under budgeted amounts in all categories except federal aids. State aids fell short of budgeted amounts by \$2,752,036, as student enrollment did not meet projected levels. Property tax revenues were below budget by \$1,241,559, due to higher-than-expected tax abatements and levy pass-through dollars to other local governments.

Revenue increased from the prior year, mainly due to state aid revenues totaling \$1,821,854 more than the prior year, due to an increase in the general education aid formula.

Expenditures were under budgeted amounts by \$2,254,926, including \$878,118 under budget in salaries and employee benefits, mainly in elementary and secondary regular instruction. Supplies expenditures were also under budget by \$1,283,269, mostly due to the COVID-19 pandemic.

Expenditures increased just \$123,916 from the prior year. Increases in salaries and benefits in elementary and secondary regular instruction and special education instruction were mostly offset by decreases in supplies purchased, as the District moved to a distance learning model beginning in March and halted all major spending.

Analysis of Other Major Governmental Funds

The Capital Projects – Building Construction Fund accounts for the costs of capital projects related to long-term facilities maintenance bonds and voter-approved general obligation school building bonds. In 2019, White Bear Lake Area School District voters approved a \$326 million building bond request to address building needs across the District. The bond funding will be used to address projected enrollment growth throughout the district; provide safe, secure and healthy learning environments for all students through investments in our aging facilities and infrastructure; increase opportunities for students by creating a single unified Grades 9–12 high school; and create flexibly-designed learning spaces to support student-centered instruction. In 2020, the District issued the 2020A General Obligation School Building Bonds for \$250,000,000 for the first phase of projects.

Total Debt Service Fund revenue reflects the full levy for repayment of bonds, less a mandated reduction in the levy to reduce fund balance. Expenditures reflect the debt repayment schedule.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with expenditures greater than revenues and other financing sources, decreasing fund balance by \$166,699, compared to a planned fund balance decrease of \$166,550.

The Community Service Special Revenue Fund had a budgeted decrease of \$119,760, but ended the year with expenditures exceeding revenues by \$518,009, due to the effect of COVID-19 on community service operations.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains three internal service funds. These funds are used to account for the District's self-insured health insurance, self-insured dental insurance, and severance benefits.

The net position balance for all internal service funds as of June 30, 2020, was a balance of \$1,759,364, which represents a \$1,400,424 increase from operations. The one fund within this category with a deficit balance is within the Severance Benefits Fund, which ended the year with a deficit fund balance of (\$1,329,963).

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

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

Table 6 Capital Assets			
	2020	2019	Change
Land	\$ 4,162,252	\$ 915,000	\$ 3,247,252
Land improvements	3,704,156	3,675,366	28,790
Buildings	121,105,489	112,897,141	8,208,348
Equipment	7,115,974	6,891,194	224,780
Pupil transportation vehicles	5,414,085	5,164,804	249,281
Construction in progress	5,427,422	526,155	4,901,267
Less accumulated depreciation	(73,218,633)	(70,198,268)	(3,020,365)
Total	\$ 73,710,745	\$ 59,871,392	\$ 13,839,353
Depreciation expense	\$ 3,020,365	\$ 3,009,277	\$ 11,088

By the end of 2020, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2020, consistent with the activity of the Capital Projects – Building Construction Fund discussed on the previous page.

Long-Term Liabilities

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

Table 7 Outstanding Long-Term Liabilities			
	2020	2019	Change
General obligation bonds payable	\$ 315,530,000	\$ 77,560,000	\$ 237,970,000
Capital leases payable	7,822,497	8,567,759	(745,262)
Premiums (discounts) on bonds payable	14,538,405	1,986,644	12,551,761
Net pension liability	76,397,730	74,529,323	1,868,407
Severance benefits payable	1,493,982	2,072,842	(578,860)
Total	\$ 415,782,614	\$ 164,716,568	\$ 251,066,046

The significant increase in general obligation bonds payable and premiums (discounts) on bonds payable are due to the issuance of the 2020A General Obligation School Building Bonds during fiscal year 2020. The differences in the net pension liabilities reflects the change in the District's proportionate share of these state-wide pension obligations.

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

Table 8 Limitations on Debt	
District's market value	\$ 8,549,395,400
Limit rate	15.0%
Legal debt limit	<u>\$ 1,282,409,310</u>

Additional details of the District's capital assets and long-term debt activity can be found in Notes 3 and 4 of the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the state of Minnesota for a majority of its revenue authority.

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$129, or 2 percent, per pupil to the basic general education funding formula for fiscal year 2021. Changes to the formula for the fiscal year 2021–2022 biennium are unknown at this time. The COVID-19 pandemic has had and will continue to have a significant impact on budgets and expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 624, 4855 Bloom Avenue, White Bear Lake, Minnesota 55110-2731.

BASIC FINANCIAL STATEMENTS

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INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 299,910,624	\$ 45,632,279
Receivables		
Current taxes	31,017,100	23,682,806
Delinquent taxes	443,296	398,115
Accounts and interest	2,483,649	172,957
Due from other governmental units	9,037,601	10,591,663
Due from Post-Employment Benefits Trust Fund	1,250,051	2,075,235
Inventory	261,435	115,451
Prepaid items	14,573	411,097
Net OPEB Plan asset	16,908,420	15,144,573
Capital assets		
Not depreciated	9,589,674	1,441,155
Depreciated, net of accumulated depreciation	64,121,071	58,430,237
Total capital assets, net of accumulated depreciation	<u>73,710,745</u>	<u>59,871,392</u>
Total assets	435,037,494	158,095,568
Deferred outflows of resources		
Pension plan deferments	61,944,625	90,034,250
OPEB Plan deferments	843,316	1,011,980
Total deferred outflows of resources	<u>62,787,941</u>	<u>91,046,230</u>
Total assets and deferred outflows of resources	<u>\$ 497,825,435</u>	<u>\$ 249,141,798</u>
Liabilities		
Salaries payable	\$ 268,044	\$ 238,787
Accounts and contracts payable	2,752,161	1,366,816
Accrued interest payable	3,482,719	1,576,402
Due to other governmental units	271,461	2,989
Unearned revenue	1,188,618	1,592,280
Claims incurred, but not reported	956,388	931,487
Long-term liabilities		
Due within one year	17,408,066	13,091,578
Due in more than one year	398,374,548	151,624,990
Total long-term liabilities	<u>415,782,614</u>	<u>164,716,568</u>
Total liabilities	424,702,005	170,425,329
Deferred inflows of resources		
Property taxes levied for subsequent year	53,959,030	41,944,788
Pension plan deferments	89,015,115	110,935,705
Deferred charges on refunding	168,277	210,346
OPEB Plan deferments	3,189,964	1,928,585
Total deferred inflows of resources	<u>146,332,386</u>	<u>155,019,424</u>
Net position		
Net investment in capital assets	5,686,148	1,586,630
Restricted for		
Capital asset acquisition	5,515,112	2,869,682
Community service	715,451	1,229,818
Debt service	—	1,176,660
Food service	580,211	746,910
Other purposes	1,025,433	854,211
Unrestricted	(86,731,311)	(84,766,866)
Total net position	<u>(73,208,956)</u>	<u>(76,302,955)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 497,825,435</u>	<u>\$ 249,141,798</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

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

		2020			2019	
					Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities						
Administration	\$ 5,070,472	\$ —	\$ 59,476	\$ —	\$ (5,010,996)	\$ (3,519,431)
District support services	2,577,725	—	—	—	(2,577,725)	(2,359,021)
Elementary and secondary regular instruction	56,797,734	1,332,722	3,228,388	98,464	(52,138,160)	(31,106,398)
Vocational education instruction	1,685,647	—	—	—	(1,685,647)	(1,393,443)
Special education instruction	25,958,489	330,056	16,535,420	—	(9,093,013)	(957,892)
Instructional support services	10,911,975	6,552	—	—	(10,905,423)	(7,133,010)
Pupil support services	13,412,477	165,131	234,004	—	(13,013,342)	(8,922,775)
Sites and buildings	9,038,418	56,024	—	—	(8,982,394)	(10,429,824)
Fiscal and other fixed cost programs	326,531	—	—	—	(326,531)	(293,113)
Food service	4,220,848	1,729,584	2,245,270	—	(245,994)	86,028
Community service	7,108,410	4,131,639	1,116,307	—	(1,860,464)	(884,275)
Depreciation not allocated to other functions	2,562,513	—	—	—	(2,562,513)	(2,492,595)
Interest and fiscal charges	4,267,078	—	—	—	(4,267,078)	(3,063,233)
Total governmental activities	<u>\$ 143,938,317</u>	<u>\$ 7,751,708</u>	<u>\$ 23,418,865</u>	<u>\$ 98,464</u>	(112,669,280)	(72,468,982)
General revenues						
Taxes						
Property taxes, levied for general purposes					21,711,186	21,329,896
Property taxes, levied for community service					1,122,545	979,104
Property taxes, levied for capital projects					4,729,951	4,586,658
Property taxes, levied for debt service					14,907,766	11,068,394
General grants and aids					66,568,401	60,829,833
Other general revenues					1,255,513	912,726
Gain on sale of assets					4,600	—
Investment earnings					5,463,317	1,050,936
Total general revenues					<u>115,763,279</u>	<u>100,757,547</u>
Change in net position					3,093,999	28,288,565
Net position – beginning of year					<u>(76,302,955)</u>	<u>(104,591,520)</u>
Net position – end of year					<u>\$ (73,208,956)</u>	<u>\$ (76,302,955)</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 18,163,217	\$ 259,965,642	\$ 14,516,319
Receivables			
Current taxes	15,944,165	–	14,462,286
Delinquent taxes	287,712	–	144,001
Accounts and interest	65,082	2,416,936	–
Due from other governmental units	8,646,729	–	10,289
Due from other funds	1,250,051	–	–
Inventory	–	–	–
Prepaid items	14,573	–	–
Total assets	\$ 44,371,529	\$ 262,382,578	\$ 29,132,895
Liabilities			
Salaries payable	\$ 176,473	\$ 2,247	\$ –
Accounts and contracts payable	1,033,061	1,065,788	–
Due to other governmental units	271,461	–	–
Unearned revenue	3,350	–	–
Total liabilities	1,484,345	1,068,035	–
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	300,178	–	145,753
Property taxes levied for subsequent year	26,803,600	–	26,057,403
Total deferred inflows of resources	27,103,778	–	26,203,156
Fund balances			
Nonspendable	14,573	–	–
Restricted	6,540,545	261,314,543	2,929,739
Assigned	2,000,000	–	–
Unassigned	7,228,288	–	–
Total fund balances	15,783,406	261,314,543	2,929,739
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,371,529	\$ 262,382,578	\$ 29,132,895

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 1,592,662	\$ 294,237,840	\$ 40,565,846
610,649	31,017,100	23,682,806
11,583	443,296	398,115
1,631	2,483,649	29,029
380,583	9,037,601	10,591,663
—	1,250,051	2,075,235
261,435	261,435	115,451
—	14,573	411,097
<u>\$ 2,858,543</u>	<u>\$ 338,745,545</u>	<u>\$ 77,869,242</u>
\$ 89,324	\$ 268,044	\$ 238,787
195,033	2,293,882	858,786
—	271,461	2,989
180,497	183,847	253,218
<u>464,854</u>	<u>3,017,234</u>	<u>1,353,780</u>
12,034	457,965	304,752
1,098,027	53,959,030	41,944,788
<u>1,110,061</u>	<u>54,416,995</u>	<u>42,249,540</u>
261,435	276,008	526,548
1,022,193	271,807,020	20,792,434
—	2,000,000	3,344,748
—	7,228,288	9,602,192
<u>1,283,628</u>	<u>281,311,316</u>	<u>34,265,922</u>
<u>\$ 2,858,543</u>	<u>\$ 338,745,545</u>	<u>\$ 77,869,242</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

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)

	<u>2020</u>	<u>2019</u>
Total fund balances – governmental funds	\$ 281,311,316	\$ 34,265,922
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	146,929,378	130,069,660
Accumulated depreciation	(73,218,633)	(70,198,268)
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	(315,530,000)	(77,560,000)
Capital leases payable	(7,822,497)	(8,567,759)
Premium (discount) on bonds payable	(14,538,405)	(1,986,644)
Net pension liability	(76,397,730)	(74,529,323)
Net OPEB plan assets reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets in governmental funds until actually due.		
	16,908,420	15,144,573
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 funds are included in the governmental activities in the Statement of Net Position.		
	1,759,364	358,940
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.		
	(3,482,719)	(1,576,402)
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	61,944,625	90,034,250
Deferred inflows of resources – pension plan deferments	(89,015,115)	(110,935,705)
Deferred outflows of resources – OPEB plan deferments	843,316	1,011,980
Deferred inflows of resources – OPEB plan deferments	(3,189,964)	(1,928,585)
Deferred inflows of resources – deferred charges on refunding	(168,277)	(210,346)
Deferred inflows of resources – delinquent property taxes	457,965	304,752
Total net position – governmental activities	<u>\$ (73,208,956)</u>	<u>\$ (76,302,955)</u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 26,346,415	\$ –	\$ 14,852,917
Investment earnings	260,057	4,971,144	124,833
Other	3,144,981	1,017	–
State sources	82,882,935	–	102,885
Federal sources	3,291,408	–	–
Total revenue	115,925,796	4,972,161	15,080,635
Expenditures			
Current			
Administration	4,754,277	–	–
District support services	2,482,463	–	–
Elementary and secondary regular instruction	52,869,123	–	–
Vocational education instruction	1,571,515	–	–
Special education instruction	24,453,211	–	–
Instructional support services	8,398,544	–	–
Pupil support services	12,929,240	–	–
Sites and buildings	8,369,840	–	–
Fiscal and other fixed cost programs	326,531	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	19,472,015	–
Debt service			
Principal	745,262	–	12,030,000
Interest and fiscal charges	325,494	–	2,783,054
Total expenditures	117,225,500	19,472,015	14,813,054
Excess (deficiency) of revenue over expenditures	(1,299,704)	(14,499,854)	267,581
Other financing sources (uses)			
Bond issuance	–	250,000,000	–
Premium on issuance of bonds	–	13,257,479	–
Proceeds from sale of assets	4,600	–	–
Total other financing sources (uses)	4,600	263,257,479	–
Net change in fund balances	(1,295,104)	248,757,625	267,581
Fund balances			
Beginning of year	17,078,510	12,556,918	2,662,158
End of year	\$ 15,783,406	\$ 261,314,543	\$ 2,929,739

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds	
	2020	2019
\$ 1,118,903	\$ 42,318,235	\$ 37,919,198
30,985	5,387,019	972,085
5,861,223	9,007,221	10,518,019
1,299,901	84,285,721	82,296,921
2,061,676	5,353,084	5,370,277
10,372,688	146,351,280	137,076,500
—	4,754,277	4,767,244
—	2,482,463	2,486,960
—	52,869,123	51,578,338
—	1,571,515	1,781,712
—	24,453,211	23,855,666
—	8,398,544	8,842,082
—	12,929,240	13,093,273
—	8,369,840	9,332,455
—	326,531	293,113
3,991,746	3,991,746	4,515,036
6,888,649	6,888,649	6,888,584
177,001	19,649,016	4,202,130
—	12,775,262	8,962,193
—	3,108,548	3,464,192
11,057,396	162,567,965	144,062,978
(684,708)	(16,216,685)	(6,986,478)
—	250,000,000	—
—	13,257,479	—
—	4,600	—
—	263,262,079	—
(684,708)	247,045,394	(6,986,478)
1,968,336	34,265,922	41,252,400
\$ 1,283,628	\$ 281,311,316	\$ 34,265,922

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INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 247,045,394	\$ (6,986,478)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	16,859,718	3,126,343
Depreciation expense	(3,020,365)	(3,009,277)
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.		
	1,400,424	1,282,039
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not resources in the Statement of Activities, but rather constitutes long-term liabilities.		
General obligation bonds payable	(250,000,000)	–
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	12,030,000	8,245,000
Capital leases payable	745,262	717,193
Net OPEB plan assets reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.		
	1,763,847	(1,585,187)
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.		
	(1,906,317)	(180,579)
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.		
	(12,551,761)	528,952
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability	(1,868,407)	125,611,209
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	(28,089,625)	(22,297,353)
Deferred inflows of resources – pension plan deferments	21,920,590	(77,879,089)
Deferred outflows of resources – OPEB plan deferments	(168,664)	712,812
Deferred inflows of resources – OPEB plan deferments	(1,261,379)	(94,460)
Deferred inflows of resources – deferred charges on refunding	42,069	52,586
Deferred inflows of resources – delinquent property taxes	153,213	44,854
Change in net position – governmental activities	<u>\$ 3,093,999</u>	<u>\$ 28,288,565</u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources				
Property taxes	\$ 27,587,974	\$ 27,587,974	\$ 26,346,415	\$ (1,241,559)
Investment earnings	325,000	385,000	260,057	(124,943)
Other	3,400,000	3,400,002	3,144,981	(255,021)
State sources	83,521,207	85,634,971	82,882,935	(2,752,036)
Federal sources	2,907,023	3,003,723	3,291,408	287,685
Total revenue	<u>117,741,204</u>	<u>120,011,670</u>	<u>115,925,796</u>	<u>(4,085,874)</u>
Expenditures				
Current				
Administration	4,803,115	4,803,115	4,754,277	(48,838)
District support services	2,139,495	2,200,903	2,482,463	281,560
Elementary and secondary regular instruction	54,970,362	55,384,076	52,869,123	(2,514,953)
Vocational education instruction	1,535,732	1,564,732	1,571,515	6,783
Special education instruction	23,533,601	24,077,312	24,453,211	375,899
Instructional support services	8,391,159	8,436,452	8,398,544	(37,908)
Pupil support services	12,606,817	12,776,391	12,929,240	152,849
Sites and buildings	8,917,125	8,866,395	8,369,840	(496,555)
Fiscal and other fixed cost programs	300,000	300,000	326,531	26,531
Debt service				
Principal	717,200	745,270	745,262	(8)
Interest and fiscal charges	353,900	325,780	325,494	(286)
Total expenditures	<u>118,268,506</u>	<u>119,480,426</u>	<u>117,225,500</u>	<u>(2,254,926)</u>
Excess (deficiency) of revenue over expenditures	(527,302)	531,244	(1,299,704)	(1,830,948)
Other financing sources				
Sale of capital assets	<u>—</u>	<u>—</u>	<u>4,600</u>	<u>4,600</u>
Net change in fund balances	<u>\$ (527,302)</u>	<u>\$ 531,244</u>	<u>(1,295,104)</u>	<u>\$ (1,826,348)</u>
Fund balances				
Beginning of year			<u>17,078,510</u>	
End of year			<u>\$ 15,783,406</u>	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and temporary investments	\$ 5,672,784	\$ 5,066,433
Receivables		
Accounts and interest	—	143,928
Total assets	<u>5,672,784</u>	<u>5,210,361</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	458,279	508,030
Claims incurred, but not reported	956,388	931,487
Unearned revenue	1,004,771	1,339,062
Severance benefits payable	188,684	316,316
Long-term liabilities		
Severance benefits payable	<u>1,305,298</u>	<u>1,756,526</u>
Total liabilities	<u>3,913,420</u>	<u>4,851,421</u>
Net position		
Unrestricted	<u><u>\$ 1,759,364</u></u>	<u><u>\$ 358,940</u></u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2020</u>	<u>2019</u>
Operating revenue		
Charges for services		
Contributions from governmental funds	\$ 16,328,497	\$ 16,247,506
Operating expenses		
Severance benefits	457,228	188,566
Health benefit claims	12,776,302	12,778,057
Dental benefit claims	943,053	955,440
Administrative costs	827,788	1,122,255
Total operating expenses	<u>15,004,371</u>	<u>15,044,318</u>
Operating income	1,324,126	1,203,188
Nonoperating revenue		
Investment earnings	<u>76,298</u>	<u>78,851</u>
Change in net position	1,400,424	1,282,039
Net position		
Beginning of year	<u>358,940</u>	<u>(923,099)</u>
End of year	<u><u>\$ 1,759,364</u></u>	<u><u>\$ 358,940</u></u>

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 624

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

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Received from assessments made to other funds	\$ 16,138,134	\$ 16,199,240
Severance and self-insurance claims and payments	<u>(15,608,081)</u>	<u>(15,688,757)</u>
Net cash flows from operating activities	530,053	510,483
Cash flows from investing activities		
Investment income received	<u>76,298</u>	<u>78,851</u>
Net change in cash and cash equivalents	606,351	589,334
Cash and cash equivalents		
Beginning of year	<u>5,066,433</u>	<u>4,477,099</u>
End of year	<u><u>\$ 5,672,784</u></u>	<u><u>\$ 5,066,433</u></u>
Reconciliation of operating income to net cash flows from operating activities		
Operating income	\$ 1,324,126	\$ 1,203,188
Adjustments to reconcile operating income to cash flows from operating activities		
Changes in assets and liabilities		
Accounts and interest receivable	143,928	(143,928)
Accounts and contracts payable	(49,751)	503,823
Severance benefits payable	(578,860)	(264,323)
Claims incurred, but not reported	24,901	(883,939)
Unearned revenue	<u>(334,291)</u>	<u>95,662</u>
Net cash flows from operating activities	<u><u>\$ 530,053</u></u>	<u><u>\$ 510,483</u></u>

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Statement of Fiduciary Net Position
as of June 30, 2020

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund	Custodial Fund
Assets			
Deposits	\$ —	\$ —	\$ 220,371
Investments held by trustee			
Money market mutual fund	71,584		
Domestic equity mutual fund	6,814,360	—	—
International mutual fund	3,306,541	—	—
Fixed income mutual fund	24,515,895	—	—
Convertible securities mutual fund	440,682	—	—
Total assets	35,149,062	—	220,371
Liabilities			
Accounts and contracts payable	—	—	209
Due to governmental funds	1,250,051	—	—
Total liabilities	1,250,051	—	209
Net position			
Restricted for scholarships	—	—	16,971
Restricted for other purposes	—	—	203,191
Restricted for OPEB	33,899,011	—	—
Total net position	\$ 33,899,011	\$ —	\$ 220,162

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

	Post-Employment Benefits Trust Fund	Scholarship Private-Purpose Trust Fund	Custodial Fund
Additions			
Contributions			
Private donations	\$ —	\$ —	\$ 171,364
Investment earnings	2,102,780	—	2,837
Total additions	2,102,780	—	174,201
Deductions			
Benefits	1,250,051	—	—
Other private-purpose expenses	—	—	126,094
Total deductions	1,250,051	—	126,094
Change in net position	852,729	—	48,107
Net position			
Beginning of year, as previously reported	33,046,282	172,055	—
Change in accounting principle	—	(172,055)	172,055
Beginning of year, as restated	33,046,282	—	172,055
End of year	\$ 33,899,011	\$ —	\$ 220,162

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 624

Notes to Basic Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 624 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. It is governed by a seven-member Board of Education elected by the voters of the District to four-year terms. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the 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 dependent 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation expense is reported as "depreciation expense not allocated to other functions." Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The proprietary fund (Internal Service Fund) is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the proprietary fund (Internal Service Fund) is consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust, private-purpose trust, and custodial. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered to be available if collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. Federal revenue is recorded in the year in which the related expenditure is made. State revenue is recognized in the year to which it applies according to Minnesota Statutes (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. Other revenue is considered available if collected within 60 days. 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, severance benefits, and net pension liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

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.

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

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's child nutrition program.

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

Proprietary Funds

Internal Service Funds – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's internal service funds include financing for both post-employment severance benefits and health and dental insurance benefits offered by the District to its employees as a self-insured plan.

Fiduciary Funds

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

Scholarship Private-Purpose Trust Fund – The Scholarship Private-Purpose Trust Fund was used to administer resources received and held by the District for scholarships. This fund was closed during the current year as part of the implementation of GASB Statement No. 84, *Fiduciary Activities*.

Custodial Fund – The Custodial Fund is used as a flow through mechanism in which the District receives funds and distributes these funds to other organizations, with no financial benefit to the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Each June, the Board of Education adopts an annual budget for the following fiscal year for all governmental funds except the Capital Projects – Building Construction Fund. This fund relies on bond issue project budgets for budgetary controls. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end.

Expenditures exceeded budgeted amounts in the Community Service Special Revenue Fund and the Debt Service Fund by \$10,166 and \$2,828, respectively.

F. 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.

Cash and investments include balances held in segregated accounts that are established for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets deposited by the District in an irrevocable trust account, the use of which is restricted to paying other post-employment benefits (OPEB) as specified in the trust agreement. Interest earned on these investments was allocated directly to those accounts.

Investments are generally stated at fair value, except for investments in guaranteed investment contracts and 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 are also reported at amortized cost. Investment income is accrued at the balance sheet date.

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 Fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

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; 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.

G. Receivables

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due from governmental units at June 30, 2020 consist of the following:

Minnesota Department of Education	\$ 8,101,869
Minnesota school districts	239,006
Other governmental units	696,726
Total	<u>\$ 9,037,601</u>

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the tax shift, as mandated by legislation, recognizes \$1,924,288 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 recorded as deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes 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 current operations of the District. No allowance for uncollectible taxes is considered necessary.

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of \$5,000 or more, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when 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 equipment and pupil transportation vehicles. Land and construction in progress are not depreciated.

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

L. Long-Term Obligations

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

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

M. Deferred Outflows/Inflows of Resources

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

The District reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, differences between projected and actual earnings on pension and OPEB Plan investments, 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.

The District also reports deferred inflows of resources related to deferred charges on refunding in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

1. **Vacation Pay** – Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no liability for vacation pay is recorded in the financial statements.
2. **Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of severance and health benefit payments for some employees upon termination.

O. Severance Benefits

Severance benefits consist of lump sum early retirement incentive payments, including provisions for salary-related payments and convertible sick leave. The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive early retirement incentive payments exceeding one year's salary. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions. These benefits are paid to a tax-sheltered annuity plan on behalf of the employee. These benefits are offset in certain instances by the amount of matching contributions made by the District to retirement plans of the employee during the years of employment of each individual.

Severance benefits are recorded as a liability in the government-wide financial statements and the Internal Service Fund as it is earned and when it becomes probable that it will vest at some point in the future. Severance benefits are accrued in the appropriate governmental fund (General Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund) only when it becomes due and payable.

P. 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.

Q. Other Post-Employment Benefits (OPEB) Plan

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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 was a reduction in excess property insurance coverage from a loss limit of \$500,000 to \$400,000 in fiscal 2020.
2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

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

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

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

	Balance – Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance – End of Year
2019	\$ 70,662	\$ 986,907	\$ 1,019,752	\$ 37,817
2020	\$ 37,817	\$ 982,066	\$ 979,869	\$ 40,014

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

	Balance – Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance – End of Year
2019	\$ 1,744,764	\$ 13,365,022	\$ 14,216,116	\$ 893,670
2020	\$ 893,670	\$ 13,614,828	\$ 13,592,124	\$ 916,374

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

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

T. 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 Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education 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 Board of Education resolution, the District’s superintendent and assistant superintendent for finance and operations are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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.

V. 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.

W. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2020 consist of the following:

Capital assets, net of depreciation	\$ 73,710,745
Bonds used for capital asset purposes	(306,820,000)
Capital leases payable	(7,822,497)
Premiums (discounts) on bonds (capital related)	(14,528,366)
Deferred charges on refundings	(168,277)
Unused bond proceeds	261,314,543
Total	<u>\$ 5,686,148</u>

X. 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 District previously presented a Scholarship Private-Purpose Trust Fund for scholarship and other related activities, which is now presented as a Custodial Fund as of June 30, 2020. The beginning net position of \$172,055 was adjusted to reflect the change in accounting principle on the Statement of Changes in Fiduciary Net Position in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 6,971,591
Investments	328,298,416
Cash on hand	10,050
Total	\$ 335,280,057
Cash and investments are presented in the financial statements as follows:	
Statement of Net Position	
Cash and temporary investments	
Statement of Fiduciary Net Position	
Cash and temporary investments – Custodial Fund	\$ 299,910,624
Investments held by trustee – Post-Employment Benefits Trust Fund	220,371
Money market mutual fund	71,584
Domestic equity mutual fund	6,814,360
International mutual fund	3,306,541
Fixed income mutual fund	24,515,895
Convertible securities mutual fund	440,682
Total	\$ 335,280,057

B. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the Board of Education, 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 investment policy does not further limit depository choices.

At year-end, the carrying amount of the District's deposits was \$6,971,591, while the balance on the bank records was \$6,966,912. At June 30, 2020, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District had the following investments at year-end:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk – Maturity Duration in Years					Total
	Rating	Agency		No Maturity	Less Than				
					1	1 to 5	5 to 10	More Than 10	
U.S. agency securities	AAA	S&P	Level 2	\$	–	\$	6,188,264	\$	6,188,264
U.S. agency securities	AA	S&P	Level 2	\$	–	\$	2,702,882	\$	2,702,882
State and local bonds	AAA	S&P	Level 2	\$	–	\$	10,627,135	\$	28,624,031
State and local bonds	Aaa	Moody's	Level 2	\$	–	\$	2,754,833	\$	8,847,189
State and local bonds	AAA	Fitch	Level 2	\$	–	\$	1,023,589	\$	118,366
State and local bonds	AA	S&P	Level 2	\$	–	\$	10,353,381	\$	49,856,660
State and local bonds	AA	Moody's	Level 2	\$	–	\$	6,088,906	\$	42,665,986
State and local bonds	AA	Fitch	Level 2	\$	–	\$	–	\$	3,456,934
State and local bonds	A	S&P	Level 2	\$	–	\$	5,918,170	\$	14,130,458
State and local bonds	A	Moody's	Level 2	\$	–	\$	–	\$	18,574,808
State and local bonds	A	Fitch	Level 2	\$	–	\$	2,378,911	\$	4,815,641
Negotiable certificates of deposit	N/R	N/A	Level 2	\$	–	\$	501,220	\$	6,582,777
Commercial paper	AA	S&P	Level 2	\$	–	\$	3,496,217	\$	3,496,217
Commercial paper	A	S&P	Level 2	\$	–	\$	4,994,881	\$	4,994,881
Guaranteed investment contract	N/A	N/A	N/A	\$	–	\$	–	\$	1,737,499
Investment pools/mutual funds	N/A	N/A	Level 1	\$	12,686,877	\$	–	\$	12,686,877
Domestic equity mutual funds	N/R	N/A	Level 1	\$	6,814,360	\$	–	\$	6,814,360
International mutual funds	N/R	N/A	Level 1	\$	3,306,541	\$	–	\$	3,306,541
Fixed income mutual fund	N/R	N/A	Level 1	\$	24,515,895	\$	–	\$	24,515,895
Convertible securities mutual fund	N/R	N/A	Level 1	\$	440,682	\$	–	\$	440,682
MSDLAF Liquid Class	AAA	S&P	A/C	\$	13,819,326	\$	–	\$	13,819,326
MSDLAF MAX Class	AAA	S&P	A/C	\$	30,275,997	\$	–	\$	30,275,997
Total investments									\$328,298,416

A/C – Amortized Cost
N/R – Not Rated
N/A – Not Applicable

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool not registered with the Securities and Exchange Commission. The District's investments in the MSDLAF are measured at the net asset value per share provided by the pool, which is based on amortized cost methods that approximate fair value.

For this investment pool, there is no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MSDLAF Liquid Class; redemption notice period is 14 days for the MSDLAF MAX Class 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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District's investment policies do not further restrict investing in specific financial instruments.

Post-Employment Benefits Trust Fund – This fund represents investments administered by the District's OPEB Trust Fund investment managers. The District's investment policy, discussed previously, extends to the OPEB Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, and commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency, and in the State Board of Investments. Investments are stated at fair value.

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

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

NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2020 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 915,000	\$ 3,247,252	\$ –	\$ –	\$ 4,162,252
Construction in progress	526,155	8,714,482	–	–	9,240,637
Total capital assets, not depreciated	1,441,155	11,961,734	–	–	13,402,889
Capital assets, depreciated					
Land improvements	3,675,366	28,790	–	–	3,704,156
Buildings	112,897,141	4,394,933	–	3,813,415	121,105,489
Equipment	6,891,194	224,780	–	–	7,115,974
Pupil transportation vehicles	5,164,804	249,281	–	–	5,414,085
Total capital assets, depreciated	128,628,305	4,897,784	–	3,813,415	137,339,704
Less accumulated depreciation for					
Land improvements	(2,178,170)	(99,828)	–	–	(2,277,998)
Buildings	(58,611,822)	(2,341,246)	–	–	(60,953,068)
Equipment	(5,411,500)	(288,450)	–	–	(5,699,950)
Pupil transportation vehicles	(3,996,716)	(290,841)	–	–	(4,287,557)
Total accumulated depreciation	(70,198,268)	(3,020,365)	–	–	(73,218,633)
Net capital assets, depreciated	\$8,430,237	1,877,419	–	3,813,415	\$12,121,071
Total capital assets, net	\$ 59,871,392	\$ 13,839,353	\$ –	\$ –	\$ 73,710,745

Depreciation expense was charged to the following governmental functions:

District support services	\$ 3,340
Elementary and secondary regular instruction	78,014
Vocational education instruction	650
Special education instruction	26,116
Instructional support services	18,008
Pupil support services	283,223
Depreciation not allocated to other functions	2,562,313
Community service	17,667
Food service	30,834
Total depreciation expense	\$ 3,020,365

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
2008A Taxable OPEB Bonds	10/15/2008	5.000–5.250%	\$ 40,085,000	02/01/2021	\$ 8,710,000
2012A Alternative Facilities Bonds	05/16/2012	3.000%	\$ 8,850,000	02/01/2024	8,850,000
2012B School Building Refunding Bonds	05/16/2012	3.000–4.000%	\$ 24,170,000	02/01/2022	9,500,000
2014A Alternative Facilities Bonds	09/10/2014	2.000–2.150%	\$ 5,900,000	02/01/2025	5,900,000
2015A Alternative Facilities Bonds	06/04/2015	2.000–2.125%	\$ 9,370,000	02/01/2026	9,370,000
2017A Alternative Facilities Refunding Bonds	10/25/2017	3.000–5.000%	\$ 10,275,000	02/01/2022	7,230,000
2018A Facilities Maintenance Bonds	03/29/2018	3.000%	\$ 15,970,000	02/01/2032	15,970,000
2020A School Building Bonds	03/05/2020	2.250–4.000%	\$ 250,000,000	02/01/2045	250,000,000
Total general obligation bonds payable					\$315,530,000

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

B. Description of Long-Term Liabilities

General Obligation School Building, Refunding, Alternative Facilities, and Facilities Maintenance Bonds – These bonds were issued to finance acquisition and/or construction of capital facilities or to refinance the retirement (refund) of prior bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated for the retirement of these bonds. The annual future debt service levies authorized 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.

General Obligation Taxable Other Post-Employment Benefit (OPEB) Bonds – These obligations were issued to finance OPEB obligations. Assets of the OPEB Debt Service Account, together with scheduled deferred ad valorem tax revenue, are dedicated for the retirement of these obligations. 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.

C. Capital Leases

The District is also obligated under a capital lease for a building addition. The District entered into the lease agreement on January 1, 2013, and financed the lease for \$3,900,000 due and payable over 15 years. The lease has an interest rate of 3.75 percent. The lease payments on this obligation will be paid by the General Fund.

The District is also obligated under a capital lease for a building addition. The District entered into the lease agreement on December 18, 2013, and financed the lease for \$3,900,000 due and payable over 15 years. The lease has an interest rate of 3.99 percent. The lease payments on this obligation will be paid by the General Fund.

The District is also obligated under a capital lease for a building addition. The District entered into the lease agreement on January 17, 2014, and financed the lease for \$4,100,000 due and payable over 15 years. The lease has an interest rate of 3.89 percent. The lease payments on this obligation will be paid by the General Fund.

The assets acquired through these leases totaled \$3,900,000, \$3,900,000, and \$4,100,000 (the present value of the future minimum lease payments as of the inception date), which are reported in land, equipment, and buildings on the Statement of Net Position. The expense resulting from the amortization of these assets recorded under capital leases is included within depreciation on an annual basis.

If the District fails to make the rental payments specified in these agreements or otherwise defaults on these leases, the lessor may 1) enter the leased property and take possession without terminating the lease, holding the District responsible for the difference in the net income derived from such possession and the rent due under this agreement, 2) exclude the District from possession of the property and attempt to sell or again lease the property, holding the District responsible for the rent due under this agreement until the property is sold or leased again, or 3) take legal action to force performance under the terms of the lease.

D. Legal Debt Limit

The state of Minnesota sets the amount of general obligation debt the District can issue to 15 percent of market value of all taxable property with the District. At June 30, 2020, the District's legal debt limit is \$1,282,409,310.

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including pensions, severance benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

District employees participate in two defined benefit pension plans, both cost-sharing, multiple-employer plans administered by the PERA and the TRA. 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	\$ 15,226,250	\$ 2,363,332	\$ 2,657,961	\$ 2,657,961	\$ 2,067,028
State-wide, multiple-employer – TRA	61,171,480	59,581,273	86,357,154	12,287,123	
Total	\$ 76,397,730	\$ 61,944,625	\$ 89,015,115	\$ 14,354,151	

E. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2021	\$ 16,445,000	\$ 8,910,266	\$ 774,382	\$ 296,547
2022	14,330,000	8,837,254	804,717	266,213
2023	10,585,000	8,270,854	836,240	234,689
2024	11,190,000	7,923,904	869,000	201,929
2025	11,040,000	7,549,054	903,044	167,886
2026–2030	51,395,000	32,562,456	3,635,114	306,814
2031–2035	54,185,000	24,101,225	–	–
2036–2040	65,040,000	16,385,925	–	–
2041–2045	81,320,000	6,950,300	–	–
	\$ 315,530,000	\$ 121,491,238	\$ 7,822,497	\$ 1,474,078

F. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds payable	\$ 77,560,000	\$ 250,000,000	\$ 12,030,000	\$ 315,530,000	\$ 16,445,000
Capital leases payable	8,567,759	–	745,262	7,822,497	774,382
Premiums (discounts) on bonds payable	1,986,644	13,257,479	705,718	14,538,405	–
Total bonds and leases payable	88,114,403	263,257,479	13,480,980	337,890,902	17,219,382
Net pension liability	74,529,323	7,863,663	5,995,256	76,397,730	–
Severance benefits payable	2,072,842	–	578,860	1,493,982	188,684
	\$ 164,716,568	\$ 271,121,142	\$ 20,055,096	\$ 415,782,614	\$ 17,408,066

NOTE 5 – FUND BALANCES

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

A. Classifications

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
Nonspendable					
Inventory	\$ 14,573	–	–	\$ 261,435	\$ 261,435
Prepaid items	–	–	–	–	14,573
Total nonspendable	14,573	–	–	261,435	276,008
Restricted					
Student activities	294,880	–	–	–	294,880
Capital projects levy	243,739	–	–	–	243,739
Operating capital	3,065,789	–	–	–	3,065,789
Medical Assistance	730,553	–	–	–	730,553
Long-term facilities maintenance	2,205,584	5,738,455	–	–	7,944,039
Capital projects	–	255,576,088	–	–	255,576,088
General debt service	–	–	1,105,276	–	1,105,276
OP&B bonds debt service	–	–	1,824,463	–	1,824,463
Food service	–	–	–	318,776	318,776
Community education	–	–	–	201,413	201,413
Early childhood family education	–	–	–	77,443	77,443
School readiness	–	–	–	407,677	407,677
Community services	–	–	–	16,884	16,884
Total restricted	6,540,545	261,314,543	2,929,739	1,022,193	271,807,020
Assigned					
Contingency for self-funded insurance	2,000,000	–	–	–	2,000,000
Unassigned	7,228,288	–	–	–	7,228,288
Total	\$ 15,783,406	\$ 261,314,543	\$ 2,929,739	\$ 1,285,628	\$ 281,311,216

B. Minimum Unassigned Fund Balance Policy

The Board of Education has formally adopted a fund balance policy regarding the unassigned fund balance for the General Fund. The policy states that the District will strive to maintain a minimum unassigned General Fund balance of between 12.5 percent and 16.7 percent of the annual budget, which equates to a range of 1.5 to 2.0 months of operating expenditures. This policy shall also apply to the administration of the Food Service Special Revenue Fund and the Community Service Special Revenue Fund with proper consideration and adjustment to conform with reserve limits established by state statutes. At June 30, 2020, the unassigned fund balance of the General Fund was 6.2 percent of total fiscal 2020 expenditures, or 3.2 weeks of operating expenditures.

C. Deficit Fund Balance

At June 30, 2020, the District's Severance Benefits Internal Service Fund had a deficit net position of \$1,329,963.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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.

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

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).

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

Tier II Benefits

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

Members first employed after June 30, 1989, receive only the Tier II 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. GERS 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 GERS for the year ended June 30, 2020, were \$1,461,838. 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 \$4,402,820. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

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

	<i>in thousands</i>
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	<u>\$ 437,714</u>

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 \$15,226,250 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 0.2754 percent at the end of the measurement period and 0.2664 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	\$ 15,226,250
State's proportionate share of the net pension liability associated with the District	\$ 473,146

For the year ended June 30, 2020, the District recognized pension expense of \$2,031,581 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional \$35,447 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 6 – 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	\$ 414,216	\$ –
Changes in actuarial assumptions	–	1,162,592
Difference between projected and actual investment earnings	–	1,495,369
Changes in proportion	487,298	–
District's contributions to the GERF subsequent to the measurement date	1,461,838	–
Total	<u>\$ 2,363,352</u>	<u>\$ 2,657,961</u>

A total of \$1,461,838 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	\$ (579,121)	\$ (579,121)
2022	\$ (1,032,286)	\$ (1,032,286)
2023	\$ (169,577)	\$ (169,577)
2024	\$ 24,537	\$ 24,537

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$61,171,480 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 0.9597 percent at the end of the measurement period and 0.9513 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	\$ 61,171,480
State's proportionate share of the net pension liability associated with the District	\$ 5,413,333

For the year ended June 30, 2020, the District recognized pension expense of \$11,875,645. It also recognized \$411,478 as an increase to pension expense (and grant revenue) for the support provided by direct aid.

NOTE 6 – 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	\$ —	\$ 1,449,197
Changes in actuarial assumptions	47,308,676	79,881,225
Difference between projected and actual investment earnings	—	5,026,732
Changes in proportion	7,869,777	—
District's contributions to the TRA subsequent to the measurement date	4,402,820	—
Total	\$ 59,581,273	\$ 86,357,154

A total of \$4,402,820 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		\$ 3,620,406
2022		\$ 722,827
2023		\$ (20,547,278)
2024		\$ (14,949,186)
2025		\$ (25,470)

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 disability 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 6 – 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 %	

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

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 statutory 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	\$	25,031,134	\$	15,226,250	\$	7,130,358
TRA discount rate		6.50%		7.50%		8.50%
District's proportionate share of the TRA net pension liability	\$	97,522,296	\$	61,171,480	\$	31,200,768

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

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 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

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

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

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

Under the terms of certain collectively bargained employment contracts, the District is required to pay the health insurance premiums for retired employees until they reach certain age levels. For employees meeting certain length of service experience requirements, the amount to be paid is equal to the same insurance premium benefit as a full-time employee in the retiring employee's respective bargaining unit.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. These contributions are not actuarially determined, statutorily mandated, or contractually established.

D. Membership

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

Retirees and beneficiaries receiving benefits	121
Active plan members	1,176
Total members	1,297

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Net OPEB Liability (Asset) of the District

The District's net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2019. The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	\$ 16,990,591
Plan fiduciary net position	<u>33,899,011</u>
District's net OPEB Plan asset	<u>\$ (16,908,420)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>199.5%</u>

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation 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	4.70%
Expected long-term investment return	4.70% (net of investment expenses)
20-year municipal bond yield	3.10%
Inflation rate	2.50%
Salary increases	3.00%
Healthcare trend rate	6.50% grading to 5.00% over 6 years
Dental trend rate	3.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2018 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 District's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education by a majority vote of its members. It is the policy of the Board of Education to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	20.00 %	6.75 %
International equity	10.00	6.75 %
Fixed income	70.00	3.75 %
Total	<u>100.00 %</u>	<u>4.70 %</u>

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 6.60 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 4.70 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been considered.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2019	\$ 17,901,709	\$ 33,046,282	\$ (15,144,573)
Changes for the year			
Service cost	777,702	–	777,702
Interest	848,893	–	848,893
Assumption changes	(791,972)	–	(791,972)
Net investment income	(495,690)	2,182,122	(2,677,812)
Benefit payments	(1,250,051)	(1,250,051)	–
Administrative expenses	–	(79,342)	79,342
Total net changes	(911,118)	852,729	(1,763,847)
Ending balance – June 30, 2020	\$ 16,990,591	\$ 33,899,011	\$ (16,908,420)

Assumption changes since the prior measurement date include the following:

- 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-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees, to rates which vary by service and contract group.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) 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	3.70%	4.70%	5.70%
Net OPEB liability (asset)	\$ (16,079,233)	\$ (16,908,420)	\$ (17,703,407)

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

	1% Decrease in Medical Cost Trend Rate	Medical Cost Trend Rate	1% Increase in Medical Cost Trend Rate
Healthcare trend rate	5.50% decreasing to 4.00% over 6 years	6.50% decreasing to 5.00% over 6 years	7.50% decreasing to 6.00% over 6 years
Dental trend rate	2.00%	3.00%	4.00%
Net OPEB liability (asset)	\$ (18,288,952)	\$ (16,908,420)	\$ (15,330,797)

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

For the current year ended, the District recognized OPEB expense of \$840,789. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment experience	\$ –	\$ 863,506
Differences between expected and actual economic experience	–	1,548,319
Changes in actuarial assumptions	843,316	778,139
Total	\$ 843,316	\$ 3,189,964

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

Year Ending June 30,	OPEB Expense Amount
2021	\$ (486,568)
2022	\$ (619,492)
2023	\$ (594,586)
2024	\$ (446,761)
2025	\$ (15,292)
Thereafter	\$ (183,949)

NOTE 8 – 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 to the Plan for health insurance, medical care, and dependent care benefits.

Before the beginning of the Plan year, which is from October 1 to September 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for 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.

Payments of insurance premiums (health and dental) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the District’s Self-Insured Health Benefits Internal Service Fund.

Amounts withheld for medical reimbursement and dependent care are held in the District’s cash account. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity is included in the financial statements in the General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the District in an amount equal to eligible medical care 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 9 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Funding

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. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year end, mostly of a minor nature and usually covered by insurance carried for that purpose. Although the outcomes of these 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.

C. Construction Commitments

At June 30, 2020, the District has contract commitments on outstanding capital projects totaling \$2,758,657.

NOTE 10 – INTERFUND BALANCES

The District had the following interfund receivables and payables at June 30, 2020:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,250,051	\$ –
Post-Employment Benefits Trust Fund	–	1,250,051
	<u>\$ 1,250,051</u>	<u>\$ 1,250,051</u>

These balances represent interfund amounts due to the General Fund relating to post-employment benefit costs to be reimbursed as of June 30, 2020.

NOTE 11 – SUBSEQUENT EVENTS

A. Certificates of Participation

On July 30, 2020, the District issued \$6,485,000 of Certificates of Participation, Series 2020B. The certificates were issued for the purpose of refunding the Matoska Elementary, Willow Lane Elementary, and Lakeaires Elementary capital leases. This refunding will reduce the District's total future debt service payments by \$890,211 and will result in present value savings of \$876,532. The certificates bear interest rates ranging from 3.00 percent to 5.00 percent and mature on April 1, 2029.

B. General Obligation Bonds

On November 5, 2020, the District issued \$8,675,000 of General Obligation School Building Refunding Bonds, Series 2020C. The proceeds of this refunding will be used to redeem the remaining maturities of the District's General Obligation School Building Refunding Bonds, Series 2012B. This refunding will reduce the District's total future debt service payments by \$876,532 and will result in present value savings of \$211,883. The new bonds bear an interest rate of 4.00 percent and mature on February 1, 2022.

C. 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.

INDEPENDENT SCHOOL DISTRICT NO. 624
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 Proportionate Share of the Net Pension Liability	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	0.2881%	\$ 13,533,495	\$ —	\$ 13,533,495	\$ 15,141,559	89.38%
06/30/2016	06/30/2015	0.2621%	\$ 13,593,383	\$ —	\$ 13,593,383	\$ 15,392,229	88.31%
06/30/2017	06/30/2016	0.2617%	\$ 21,246,742	\$ 277,498	\$ 21,526,240	\$ 16,247,523	130.78%
06/30/2018	06/30/2017	0.2649%	\$ 16,911,041	\$ 212,658	\$ 17,123,699	\$ 17,079,232	99.02%
06/30/2019	06/30/2018	0.2664%	\$ 14,778,779	\$ 484,879	\$ 15,263,658	\$ 17,884,311	82.64%
06/30/2020	06/30/2019	0.2754%	\$ 15,226,250	\$ 473,146	\$ 15,699,396	\$ 19,464,670	78.23%

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

REQUIRED SUPPLEMENTARY INFORMATION

District Fiscal Year-End Date	Statutory Required Contributions	Contributions in Relation to the Statutory Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	\$ 1,136,075	\$ 1,136,075	\$ —	\$ 15,392,229	7.38%
06/30/2016	\$ 1,217,164	\$ 1,217,164	\$ —	\$ 16,247,523	7.49%
06/30/2017	\$ 1,279,881	\$ 1,279,881	\$ —	\$ 17,079,232	7.49%
06/30/2018	\$ 1,308,024	\$ 1,308,024	\$ —	\$ 17,884,311	7.31%
06/30/2019	\$ 1,461,462	\$ 1,461,462	\$ —	\$ 19,464,670	7.51%
06/30/2020	\$ 1,461,838	\$ 1,461,838	\$ —	\$ 19,502,696	7.50%

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

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

[illegible]

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

Contributions as a Percentage of Covered Payroll	Covered Payroll	Contribution Deficiency (Excess)	Contributions in Relation to the Statutory Required Contributions	Statutory Required Contributions	District Fiscal Year-End
74.5%	\$ 45,042,877	\$ —	\$ 3,354,309	\$ 3,354,309	06/30/2015
74.5%	\$ 46,555,078	\$ —	\$ 3,470,600	\$ 3,470,600	06/30/2016
74.9%	\$ 49,460,864	\$ —	\$ 3,705,834	\$ 3,705,834	06/30/2017
74.2%	\$ 52,725,107	\$ —	\$ 3,909,984	\$ 3,909,984	06/30/2018
77.2%	\$ 54,458,685	\$ —	\$ 4,204,342	\$ 4,204,342	06/30/2019
79.1%	\$ 55,665,040	\$ —	\$ 4,402,820	\$ 4,402,820	06/30/2020

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. 624

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

	2017	2018	2019	2020
Total OPEB liability				
Service cost	\$ 623,228	\$ 588,099	\$ 798,772	\$ 777,702
Interest	1,017,110	1,020,084	952,900	848,893
Plan changes	—	770,441	869,885	—
Benefit payments	(1,890,826)	(1,210,527)	(1,938,530)	(1,250,051)
Assumption changes	—	(173,787)	1,180,644	(791,972)
Difference between expected and actual experience	—	(1,966,026)	—	(495,690)
Net change in total OPEB liability	(250,488)	(971,716)	1,863,671	(911,118)
Total OPEB liability – beginning of year	17,260,242	17,009,754	16,038,038	17,901,709
Total OPEB liability – end of year	17,009,754	16,038,038	17,901,709	16,990,591
Plan fiduciary net position				
Net investment income	2,955,759	2,047,451	2,279,203	2,182,122
Benefit payments	(1,890,826)	(1,210,527)	(1,938,530)	(1,250,051)
Administrative expenses	(121,014)	(117,870)	(62,189)	(79,342)
Net change in plan fiduciary net position	943,919	719,054	278,484	852,729
Plan fiduciary net position – beginning of year	31,104,825	32,048,744	32,767,798	33,046,282
Plan fiduciary net position – end of year	32,048,744	32,767,798	33,046,282	33,899,011
Net OPEB liability (asset)	\$ (15,038,990)	\$ (16,729,760)	\$ (15,144,573)	\$ (16,908,420)
Fiduciary net position as a percentage of the total OPEB liability	188.41%	204.31%	184.60%	199.52%
Covered-employee payroll	\$ 56,513,934	\$ 63,541,808	\$ 65,488,063	\$ 72,403,729
Net OPEB liability (asset) as a percentage of covered-employee payroll	(26.61%)	(26.33%)	(23.13%)	(23.35%)

Note 1: The 2017 information has been updated to reflect the prior period adjustment reported in the year ended June 30, 2018.

Note 2: The District implemented GASB Statement Nos. 74 and 75 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. 624

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2020

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	9.5 %
2018	6.4 %
2019	7.0 %
2020	6.6 %

Note: The District implemented GASB Statement Nos. 74 and 75 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.

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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.

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.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2020 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-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment return was changed from 6.00 percent to 4.70 percent.
- The discount rate was changed from 6.00 percent to 4.70 percent.

2019 CHANGES IN PLAN PROVISIONS

- Twenty-three teachers received \$30,000 in contributions during the 2018–2019 plan year from a severance incentive program. The retirement rates for these teachers were adjusted to reflect their actual retirement dates.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The medical trend rate was changed from 7.00 percent grading to 5.00 percent over eight years, to 6.50 percent grading to 5.00 percent over six years.
- 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-2016 Generational Improvement Scale.

2018 CHANGES IN PLAN PROVISIONS

- Administrators added a sunset date of January 1, 2016. Employees hired after this date are no longer eligible for subsidized post-employment medical, dental, and life insurance benefits.
- After January 1, 2017, teachers who are eligible for subsidized post-employment medical and dental benefits, but who elect to waive coverage at retirement, will receive lump sum payments. The lump sum amount will equal the medical and dental premiums at the time of retirement, multiplied by the lesser of eight years or the number of years to Medicare eligibility.
- Teachers hired between 1985 and 2003, who are not eligible for subsidized post-employment insurance benefits, will receive a contribution to an HRA upon retirement. The amount of the contribution varies by hire year, multiplied by the number of years of service after July 1, 2017.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.50 percent to 6.00 percent.

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Special Revenue Funds			Total
	Food Service	Community Service		
Assets				
Cash and temporary investments	\$ 285,169	\$ 1,307,493	\$ 1,592,662	
Receivables				
Current taxes	—	610,649	610,649	
Delinquent taxes	—	11,583	11,583	
Accounts and interest	1,631	—	1,631	
Due from other governmental units	204,069	176,514	380,583	
Inventory	261,435	—	261,435	
Total assets	\$ 752,304	\$ 2,106,239	\$ 2,858,543	
Liabilities				
Salaries payable	\$ 16,520	\$ 72,804	\$ 89,324	
Accounts and contracts payable	86,538	108,495	195,033	
Unearned revenue	69,035	111,462	180,497	
Total liabilities	172,093	292,761	464,854	
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	—	12,034	12,034	
Property taxes levied for subsequent year	—	1,098,027	1,098,027	
Total deferred inflows of resources	—	1,110,061	1,110,061	
Fund balances				
Nonspendable for inventory	261,435	—	261,435	
Restricted	318,776	703,417	1,022,193	
Total fund balances	580,211	703,417	1,283,628	
Total liabilities, deferred inflows of resources, and fund balances	\$ 752,304	\$ 2,106,239	\$ 2,858,543	

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	Special Revenue Funds			Total
	Food Service	Community Service		
Revenue				
Local sources				
Property taxes	\$ -	\$ 1,118,903	\$	1,118,903
Investment earnings	7,194	23,791		30,985
Other	1,729,584	4,131,639		5,861,223
State sources	183,594	1,116,307		1,299,901
Federal sources	2,061,676	-		2,061,676
Total revenue	3,982,048	6,390,640		10,372,688
Expenditures				
Current				
Food service	3,991,746	-		3,991,746
Community service	-	6,888,649		6,888,649
Capital outlay	157,001	20,000		177,001
Total expenditures	4,148,747	6,908,649		11,057,396
Net change in fund balances	(166,699)	(518,009)		(684,708)
Fund balances				
Beginning of year	746,910	1,221,426		1,968,336
End of year	\$ 580,211	\$ 703,417	\$	1,283,628

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2020	2019
Assets		
Cash and temporary investments	\$ 18,163,217	\$ 15,758,533
Receivables		
Current taxes	15,944,165	14,959,656
Delinquent taxes	287,712	269,444
Accounts and interest	65,082	26,628
Due from other governmental units	8,646,729	10,408,087
Due from other funds	1,250,051	2,075,235
Prepaid items	14,573	407,677
Total assets	\$ 44,371,529	\$ 43,905,260
Liabilities		
Salaries payable	\$ 176,473	\$ 179,116
Accounts and contracts payable	1,033,061	663,320
Due to other governmental units	271,461	2,989
Unearned revenue	3,350	3,275
Total liabilities	1,484,345	848,700
Deferred inflows of resources		
Unavailable revenue - delinquent taxes	300,178	205,456
Property taxes levied for subsequent year	26,803,600	25,772,594
Total deferred inflows of resources	27,103,778	25,978,050
Fund balances		
Nonspendable for prepaid items	14,573	407,677
Restricted for capital projects levy	243,739	635,363
Restricted for operating capital	3,065,789	2,234,319
Restricted for long-term facilities maintenance	2,205,584	-
Restricted for Medical Assistance	730,553	854,211
Restricted for student activities	294,880	314,748
Assigned for subsequent year's budget	-	530,000
Assigned for strategic priorities implementation	-	500,000
Assigned for contingency for self-funded insurance	2,000,000	2,000,000
Unassigned	7,228,288	9,602,192
Total fund balances	15,783,406	17,078,510
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,371,529	\$ 43,905,260

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 27,587,974	\$ 26,346,415	\$ (1,241,559)	\$ 25,808,561
Investment earnings	385,000	260,057	(124,943)	447,891
Other	3,400,002	3,144,981	(255,021)	3,608,643
State sources	85,634,971	82,882,935	(2,752,036)	81,061,081
Federal sources	3,003,723	3,291,408	287,685	3,378,693
Total revenue	120,011,670	115,925,796	(4,085,874)	114,304,869
Expenditures				
Current				
Administration				
Salaries	3,335,025	3,298,410	(36,615)	3,286,260
Employee benefits	1,126,444	1,032,364	(94,080)	1,042,186
Purchased services	262,081	217,652	(44,429)	272,612
Supplies and materials	17,341	116,338	98,997	75,980
Other expenditures	62,224	89,513	27,289	90,206
Total administration	4,803,115	4,754,277	(48,838)	4,767,244
District support services				
Salaries	1,177,361	1,450,752	273,391	1,228,247
Employee benefits	391,792	507,658	115,866	486,333
Purchased services	488,477	428,608	(59,869)	687,074
Supplies and materials	117,730	59,635	(58,095)	68,562
Capital expenditures	39,334	39,334	—	4,416
Other expenditures	25,543	(3,524)	(29,067)	12,328
Total district support services	2,200,903	2,482,463	281,560	2,486,960
Elementary and secondary regular instruction				
Salaries	36,831,799	35,255,387	(1,576,412)	34,588,439
Employee benefits	12,589,012	13,001,841	412,829	11,818,353
Purchased services	1,851,774	1,683,903	(167,871)	1,534,366
Supplies and materials	3,588,942	2,173,761	(1,415,181)	2,980,947
Capital expenditures	247,531	291,403	43,872	158,989
Other expenditures	275,018	462,828	187,810	497,244
Total elementary and secondary regular instruction	55,384,076	52,869,123	(2,514,953)	51,578,338

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2020		2019	
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	828,841	915,782	86,941	1,029,059
Employee benefits	338,022	387,208	49,186	420,691
Purchased services	361,954	229,248	(132,706)	288,868
Supplies and materials	35,915	28,419	(7,496)	37,743
Capital expenditures	—	5,000	5,000	—
Other expenditures	—	5,858	5,858	5,351
Total vocational education instruction	1,564,732	1,571,515	6,783	1,781,712
Special education instruction				
Salaries	16,897,671	16,662,992	(234,679)	16,516,038
Employee benefits	6,391,323	6,575,246	183,923	6,474,057
Purchased services	554,811	767,675	212,864	574,189
Supplies and materials	150,352	159,224	8,872	137,663
Capital expenditures	50,000	184,939	134,939	54,210
Other expenditures	33,155	103,135	69,980	99,509
Total special education instruction	24,077,312	24,453,211	375,899	23,855,666
Instructional support services				
Salaries	4,685,794	4,659,325	(26,469)	4,930,056
Employee benefits	1,702,165	1,392,706	(309,459)	1,707,635
Purchased services	299,026	97,741	(201,285)	151,805
Supplies and materials	65,925	82,204	16,279	78,446
Capital expenditures	1,683,542	2,118,083	434,541	1,947,245
Other expenditures	—	48,485	48,485	26,895
Total instructional support services	8,436,452	8,398,544	(37,908)	8,843,082
Pupil support services				
Salaries	4,909,618	5,265,066	355,448	4,824,785
Employee benefits	1,861,518	1,830,588	(30,930)	1,786,900
Purchased services	5,151,991	4,896,046	(255,945)	5,413,876
Supplies and materials	527,474	575,770	48,296	664,490
Capital expenditures	230,000	147,123	(82,877)	317,626
Other expenditures	95,790	214,647	118,857	85,596
Total pupil support services	12,776,391	12,929,240	152,849	13,093,273

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2020		Over (Under)	2019	
	Budget	Actual	Budget	Actual	
Expenditures (continued)					
Current (continued)					
Sites and buildings					
Salaries	3,387,442	3,347,067	(40,375)	3,347,590	
Employee benefits	1,242,708	1,236,025	(6,683)	1,256,907	
Purchased services	2,514,104	2,396,482	(117,622)	2,914,016	
Supplies and materials	964,991	990,050	25,059	991,057	
Capital expenditures	740,801	364,911	(375,890)	793,733	
Other expenditures	16,349	35,305	18,956	29,152	
Total sites and buildings	8,866,395	8,369,840	(496,555)	9,332,455	
Fiscal and other fixed cost programs					
Purchased services	300,000	326,531	26,531	293,113	
Debt service					
Principal	745,270	745,262	(8)	717,193	
Interest and fiscal charges	325,780	325,494	(286)	355,548	
Total debt service	1,071,050	1,070,756	(294)	1,072,741	
Total expenditures	119,480,426	117,225,500	(2,254,926)	117,101,584	
Excess (deficiency) of revenue over expenditures	531,244	(1,299,704)	(1,830,948)	(2,796,715)	
Other financing sources					
Sale of capital assets	-	4,600	4,600	-	
Net change in fund balances	\$ 531,244	(1,295,104)	\$ (1,826,348)	(2,796,715)	
Fund balances					
Beginning of year		17,078,510		19,875,225	
End of year		\$ 15,783,406		\$ 17,078,510	

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2020	2019
Assets		
Cash and temporary investments	\$ 285,169	\$ 613,620
Receivables	1,631	1,896
Accounts and interest	204,069	101,027
Due from other governmental units	261,435	115,451
Inventory	-	3,420
Prepaid items	-	-
Total assets	\$ 752,304	\$ 835,414
Liabilities		
Salaries payable	\$ 16,520	\$ 4,765
Accounts and contracts payable	86,538	29,941
Unearned revenue	69,035	53,798
Total liabilities	172,093	88,504
Fund balances		
Nonspendable for inventory	261,435	115,451
Nonspendable for prepaid items	-	3,420
Restricted for food service	318,776	628,039
Total fund balances	580,211	746,910
Total liabilities and fund balances	\$ 752,304	\$ 835,414

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 6,000	\$ 7,194	\$ 1,194	\$ 14,734
Other – primarily meal sales	2,358,250	1,729,584	(628,666)	2,345,752
State sources	269,500	183,594	(85,906)	258,692
Federal sources	2,004,408	2,061,676	57,268	1,991,584
Total revenue	4,638,158	3,982,048	(656,110)	4,610,762
Expenditures				
Current				
Salaries	1,654,200	1,424,536	(229,664)	1,598,826
Employee benefits	683,600	504,242	(179,358)	505,251
Purchased services	496,500	316,732	(179,768)	341,380
Supplies and materials	1,904,708	1,733,601	(171,107)	2,057,902
Other expenditures	15,200	12,635	(2,565)	11,677
Capital outlay	52,500	157,001	104,501	37,777
Total expenditures	4,806,708	4,148,747	(657,961)	4,552,813
Excess (deficiency) of revenue over expenditures	(168,550)	(166,699)	1,851	57,949
Other financing sources				
Proceeds from sale of assets	2,000	–	(2,000)	–
Net change in fund balances	\$ (166,550)	(166,699)	\$ (149)	57,949
Fund balances				
Beginning of year		746,910		688,961
End of year		\$ 580,211		\$ 746,910

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2020	2019
Assets		
Cash and temporary investments	\$ 1,307,493	\$ 2,025,694
Receivables		
Current taxes	610,649	591,869
Delinquent taxes	11,583	10,912
Accounts and interest	–	505
Due from other governmental units	176,514	74,472
Total assets	\$ 2,106,239	\$ 2,703,452
Liabilities		
Salaries payable	\$ 72,804	\$ 52,084
Accounts and contracts payable	108,495	128,036
Unearned revenue	111,462	196,145
Total liabilities	292,761	376,265
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	12,034	8,392
Property taxes levied for subsequent year	1,098,027	1,097,369
Total deferred inflows of resources	1,110,061	1,105,761
Fund balances		
Restricted for community education	201,413	447,494
Restricted for early childhood family education	77,443	18,504
Restricted for school readiness	407,677	740,936
Restricted for community services	16,884	14,492
Total fund balances	703,417	1,221,426
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,106,239	\$ 2,703,452

INDEPENDENT SCHOOL DISTRICT NO. 624

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	\$ 1,096,236	\$ 1,118,903	\$ 22,667	\$ 1,025,846
Investment earnings	12,000	23,791	11,791	46,154
Other – primarily tuition and fees	4,851,000	4,131,639	(719,361)	4,562,874
State sources	819,487	1,116,307	296,820	909,911
Total revenue	6,778,723	6,390,640	(388,083)	6,544,785
Expenditures				
Current				
Salaries	4,153,543	4,122,828	(30,715)	4,119,814
Employee benefits	1,323,513	1,331,092	7,579	1,267,835
Purchased services	1,096,037	1,123,384	27,347	1,100,458
Supplies and materials	289,950	297,421	7,471	390,962
Other expenditures	8,635	13,924	5,289	9,515
Capital outlay	26,805	20,000	(6,805)	16,466
Total expenditures	6,898,483	6,908,649	10,166	6,905,050
Net change in fund balances	\$ (119,760)	\$ (518,009)	\$ (398,249)	\$ (360,265)
Fund balances				
Beginning of year		1,221,426		1,581,691
End of year		\$ 703,417		\$ 1,221,426

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2020	2019
Assets		
Cash and temporary investments	\$ 259,965,642	\$ 12,595,789
Receivables		
Accounts and interest	2,416,936	–
Due from other governmental units	–	1,440
Total assets	\$ 262,382,578	\$ 12,597,229
Liabilities		
Salaries payable	\$ 2,247	\$ 2,822
Accounts and contracts payable	1,065,788	37,489
Total liabilities	1,068,035	40,311
Fund balances		
Restricted for long-term facilities maintenance	5,738,455	12,556,918
Restricted for capital projects	255,576,088	–
Total fund balances	261,314,543	12,556,918
Total liabilities and fund balances	\$ 262,382,578	\$ 12,597,229

INDEPENDENT SCHOOL DISTRICT NO. 624

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2020 and 2019

	2020	2019
Revenue		
Local sources		
Investment earnings	\$ 4,971,144	\$ 306,784
Other	1,017	750
Total revenue	<u>4,972,161</u>	<u>307,534</u>
Expenditures		
Capital outlay		
Salaries	176,632	154,161
Employee benefits	51,172	46,704
Purchased services	10,149,552	3,947,022
Capital expenditures	7,637,210	-
Other expenditures	33,506	-
Debt service		
Fiscal charges and other	1,423,943	-
Total expenditures	<u>19,472,015</u>	<u>4,147,887</u>
Excess (deficiency) of revenues over expenditures	(14,499,854)	(3,840,353)
Other financing sources		
Bond issuance	250,000,000	-
Premium on issuance of bonds	13,257,479	-
Total other financing sources	<u>263,257,479</u>	<u>-</u>
Net change in fund balances	248,757,625	(3,840,353)
Fund balances		
Beginning of year	12,556,918	16,397,271
End of year	<u>\$ 261,314,543</u>	<u>\$ 12,556,918</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

Debt Service Fund
Balance Sheet by Account
as of June 30, 2020
(With Comparative Totals as of June 30, 2019)

	Regular Debt Service Account	OPEB Debt Service Account	Totals
	2020	2020	2019
Assets			
Cash and temporary investments	\$ 8,591,166	\$ 5,925,153	\$ 14,516,319
Receivables			\$ 9,572,210
Current taxes	9,347,698	5,114,588	8,131,281
Delinquent taxes	53,261	90,740	117,759
Due from other governmental units	10,215	74	6,637
Total assets	<u>\$ 18,002,340</u>	<u>\$ 11,130,555</u>	<u>\$ 17,827,887</u>
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	\$ 54,688	\$ 91,065	\$ 145,753
Property taxes levied for subsequent year	16,842,376	9,215,027	26,057,403
Total deferred inflows of resources	<u>16,897,064</u>	<u>9,306,092</u>	<u>15,165,729</u>
Fund balances			
Restricted for general debt service	1,105,276	-	1,105,276
Restricted for OPEB bonds debt service	-	1,824,463	1,824,463
Total fund balances	<u>1,105,276</u>	<u>1,824,463</u>	<u>2,929,739</u>
Total deferred inflows of resources and fund balances	<u>\$ 18,002,340</u>	<u>\$ 11,130,555</u>	<u>\$ 17,827,887</u>

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2020			
	Actual		2019	
	OPEB		Debt Service	
	Debt Service		Account	
	Account		Total	
	Budget		Total	
Revenue				
Local sources				
Property taxes	\$ 15,074,825	\$ 4,996,089	\$ 9,856,828	\$ 14,852,917
Investment earnings	70,000	47,472	77,561	124,833
State sources	—	102,147	738	102,885
Total revenue	15,144,825	5,145,708	9,934,927	15,080,635
Expenditures				
Debt service				
Principal	12,030,500	3,275,000	8,755,000	12,030,000
Interest	2,779,726	1,906,479	873,250	2,779,729
Fiscal charges and other	—	2,850	475	3,325
Total expenditures	14,810,226	5,184,329	9,628,725	14,813,054
Net change in fund balances	\$ 334,599	(38,621)	306,202	267,581
Fund balances				
Beginning of year		1,143,897	1,518,261	2,662,158
End of year		\$ 1,105,276	\$ 1,824,463	\$ 2,929,739

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INDEPENDENT SCHOOL DISTRICT NO. 624

Internal Service Funds

Combining Statement of Net Position

as of June 30, 2020

(With Comparative Totals as of June 30, 2019)

	Severance Benefits	Self-Insured Health Benefits	Self-Insured Dental Benefits	Totals
				2020
				2019
Assets				
Current assets				
Cash and temporary investments	\$ 164,019	\$ 5,185,685	\$ 323,080	\$ 5,672,784
Receivables				\$ 5,066,433
Accounts and interest				
				143,928
Total assets	164,019	5,185,685	323,080	5,672,784
				5,210,361
Liabilities				
Current liabilities				
Accounts and contracts payable		434,540	23,739	458,279
Claims incurred, but not reported		916,374	40,014	956,388
Unearned revenue		929,172	75,599	1,004,771
Severance benefits payable	188,684			188,684
Total current liabilities	188,684	2,280,086	139,352	2,608,122
				3,094,895
Long-term liabilities				
Severance benefits payable	1,305,298			1,305,298
				1,756,526
Total liabilities	1,493,982	2,280,086	139,352	3,913,420
				4,851,421
Net position				
Unrestricted	\$ (1,329,963)	\$ 2,905,599	\$ 183,728	\$ 1,759,364
				\$ 358,940

	2019
Over (Under)	Actual
Budget	
\$ (221,908)	\$ 11,084,791
54,833	156,522
102,885	67,237
(64,190)	11,308,550
(500)	8,245,000
3	3,102,128
3,325	8,516
2,828	11,355,644
\$ (67,018)	(47,094)
	2,709,252
	\$ 2,662,158

INDEPENDENT SCHOOL DISTRICT NO. 624

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Severance Benefits	Self-Insured Health Benefits	Self-Insured Dental Benefits	Totals	2019
Operating revenue					
Charges for services					
Contributions from					
governmental funds					
	\$ -	\$ 15,247,335	\$ 1,081,162	\$ 16,328,497	\$ 16,247,506
Operating expenses					
Severance benefits	457,228	-	-	457,228	188,566
Health benefit claims	-	12,776,302	-	12,776,302	12,778,057
Dental benefit claims	-	-	943,053	943,053	955,440
Administrative costs	-	784,762	43,026	827,788	1,122,255
Total operating expenses	457,228	13,561,064	986,079	15,004,371	15,044,318
Operating income (loss)	(457,228)	1,686,271	95,083	1,324,126	1,203,188
Nonoperating revenue					
Investment earnings	30,758	42,814	2,726	76,298	78,851
Change in net position	(426,470)	1,729,085	97,809	1,400,424	1,282,039
Net position					
Beginning of year	(903,493)	1,176,514	85,919	358,940	(923,099)
End of year	\$ (1,329,963)	\$ 2,905,599	\$ 183,728	\$ 1,759,364	\$ 358,940

INDEPENDENT SCHOOL DISTRICT NO. 624

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Severance Benefits	Self-Insured Health Benefits	Self-Insured Dental Benefits	Total	2020	2019
Cash flows from operating activities						
Received from assessments						
made to other funds	\$ -	\$ 15,093,157	\$ 1,044,977	\$ 16,138,134	\$ 16,199,240	
Severance and self-insurance	(1,036,088)	(13,592,124)	(979,869)	(15,608,081)	(15,688,757)	
claims and payments						
Net cash flows from operating	(1,036,088)	1,501,033	65,108	530,053	510,483	
activities						
Cash flows from investing activities						
Investment income received	30,758	42,814	2,726	76,298	78,851	
Net change in cash and	(1,005,330)	1,543,847	67,834	606,351	589,334	
cash equivalents						
Cash and cash equivalents						
Beginning of year	1,169,349	3,641,838	255,246	5,066,433	4,477,099	
End of year	\$ 164,019	\$ 5,185,685	\$ 323,080	\$ 5,672,784	\$ 5,066,433	
Reconciliation of operating income (loss) to						
net cash flows from operating activities	\$ (457,228)	\$ 1,686,271	\$ 95,083	\$ 1,324,126	\$ 1,203,188	
Operating income (loss)						
Adjustments to reconcile operating income						
(loss) to net cash flows from operating						
activities						
Changes in assets and liabilities						
Accounts and interest receivable	-	143,928	-	143,928	(143,928)	
Accounts and contracts payable	-	(53,764)	4,013	(49,751)	503,823	
Severance benefits payable	(578,860)	-	-	(578,860)	(264,323)	
Claims incurred, but not reported	-	22,704	2,197	24,901	(883,939)	
Unearned revenue	-	(298,106)	(36,185)	(334,291)	95,662	
Net cash flows from operating	\$ (1,036,088)	\$ 1,501,033	\$ 65,108	\$ 530,053	\$ 510,483	
activities						

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STATISTICAL SECTION

III. STATISTICAL SECTION

This part of Independent School District No. 624's (the District) Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Pages
Financial Trends	102
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	121
These schedules contain information to help the reader assess the District's most significant revenue source, including property tax revenue.	
Debt Capacity	132
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	138
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Indicators	140
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Source: Unless otherwise noted, the information in these schedules is derived from the District's CAFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2011	2012	2013	Fiscal Year 2014
Governmental activities				
Net investment in capital assets	\$ 453,384	\$ 1,630,228	\$ 2,130,306	\$ 5,813,967
Restricted	4,221,609	2,601,876	1,132,318	3,061,846
Unrestricted	19,501,829	20,515,031	21,045,132	29,521,587
Total governmental activities net position	\$ 24,176,822	\$ 24,747,135	\$ 24,307,756	\$ 38,397,400

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately \$64.1 million.

Note 2: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by approximately \$20.4 million.

Note 3: The District reported a prior period adjustment in fiscal 2018, increasing unrestricted net position by \$1,754,117. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2011	2012	2013	Fiscal Year 2014
Expenses				
Governmental activities				
Administration	\$ 3,991,594	\$ 4,029,515	\$ 4,089,720	\$ 4,437,389
District support services	2,747,634	2,243,148	2,365,545	1,788,239
Elementary and secondary regular instruction	37,532,300	38,815,035	39,527,587	42,224,883
Vocational education instruction	906,963	923,529	816,566	827,110
Special education instruction	18,000,216	17,311,207	18,619,906	18,836,586
Instructional support services	4,130,540	4,857,506	4,475,571	6,108,809
Pupil support services	7,098,605	7,538,799	7,975,301	7,805,215
Sites and buildings	12,389,819	12,188,020	13,991,384	9,853,039
Fiscal and other fixed cost programs	396,113	336,468	366,519	383,556
Food service	4,118,542	4,007,239	3,939,335	4,141,595
Community service	4,854,351	5,294,255	5,294,575	4,446,087
Depreciation not included in other functions	2,223,641	2,200,859	2,077,872	2,083,157
Interest and fiscal charges	4,548,253	4,297,853	4,380,407	3,596,704
Total governmental activities expenses	102,938,571	104,043,433	107,920,288	106,532,369
Program revenues				
Governmental activities				
Charges for services	2,361,396	2,371,288	2,342,824	2,389,877
Food service	3,033,168	3,535,129	3,649,837	3,124,923
Community service	774,062	733,792	799,849	704,208
All other	13,598,280	12,739,695	13,773,555	14,830,987
Operating grants and contributions	318,720	383,367	512,391	624,834
Capital grants and contributions				
Total governmental activities program revenues	20,085,626	19,763,271	21,078,456	21,674,829
Net (expense) revenue	(82,852,945)	(84,280,162)	(86,841,832)	(84,857,540)
General revenues and other changes in net position				
Taxes				
Property taxes, levied for general purposes	24,295,624	17,775,348	18,659,789	19,064,752
Property taxes, levied for capital projects	3,870,514	2,920,342	1,111,426	2,672,002
Property taxes, levied for community service	1,208,043	796,039	2,765,087	1,074,426
Property taxes, levied for debt service	10,142,769	10,432,599	11,578,651	11,540,345
Unrestricted grants and contributions	44,580,093	51,474,590	51,989,567	53,164,405
Other general revenues	493,314	372,001	130,330	898,484
Investment earnings	252,944	129,556	167,603	126,850
Total general revenues and other changes in net position	84,843,301	83,900,475	86,402,453	88,541,264
Change in net position	\$ 1,990,356	\$ (379,687)	\$ (439,379)	\$ 3,683,724

Note: The District reported a prior period adjustment in fiscal 2018, increasing unrestricted net position by \$1,754,117. Prior fiscal years were not adjusted to reflect the impact of this adjustment.

	2015	2016	2017	2018	2019	2020
\$ 4,292,291	\$ 2,724,245	\$ 392,746	\$ 1,189,216	\$ 1,586,630	\$ 5,686,148	
2,649,603	4,232,013	5,311,541	5,107,192	6,877,281	7,836,207	
(31,643,658)	(34,024,878)	(83,723,241)	(110,887,928)	(84,766,866)	(86,731,311)	
\$ (24,701,764)	\$ (27,068,620)	\$ (78,018,954)	\$ (104,591,520)	\$ (76,302,955)	\$ (73,208,956)	

	Fiscal Year			
	2011	2012	2013	2014

	2015	2016	2017	2018	2019	2020
\$	\$ 4,380,829	\$ 4,643,864	\$ 5,928,267	\$ 5,769,605	\$ 3,526,940	\$ 5,077,472
	1,857,194	2,019,904	2,253,207	2,402,738	2,359,021	2,577,725
	42,172,822	46,747,262	68,337,262	68,598,151	33,989,388	56,797,734
	90,078	881,627	1,762,643	1,920,274	1,393,443	1,685,647
	18,775,086	21,078,601	27,524,420	28,707,069	17,297,052	25,958,489
	7,743,691	8,681,086	9,556,148	10,287,078	11,771,090	10,911,975
	8,819,920	10,551,058	13,297,720	13,988,252	7,151,776	13,414,477
	11,930,720	13,350,160	12,714,729	8,519,866	10,487,501	9,038,418
	181,837	318,315	318,782	295,206	293,113	326,531
	4,581,519	4,192,500	4,482,465	4,421,186	4,510,000	4,220,848
	4,416,271	5,250,991	6,111,162	6,661,744	6,537,060	7,108,410
	2,092,437	2,585,565	2,550,231	2,460,982	2,492,595	2,562,513
	4,164,980	3,657,370	3,271,662	3,510,445	3,063,233	4,267,078
	112,057,484	123,938,708	158,146,698	157,542,596	104,692,192	143,938,317
	24,824,768	27,298,449	28,337,351	29,359,834	32,223,210	31,269,037
	(87,232,716)	(96,640,259)	(129,809,347)	(128,182,762)	(72,468,982)	(112,669,280)
	19,366,999	20,142,501	20,854,762	20,018,385	21,329,898	21,711,186
	4,217,786	3,040,084	2,827,643	3,806,093	4,586,658	4,729,951
	1,080,401	1,043,053	994,784	897,666	979,104	1,122,545
	10,484,106	11,013,828	10,930,437	10,748,427	11,068,394	14,907,766
	52,807,290	57,107,219	62,299,098	62,758,162	60,829,833	66,568,401
	704,250	1,773,329	1,936,621	1,020,920	912,726	1,260,113
	133,233	153,392	346,582	606,426	1,050,936	5,463,317
	88,794,065	94,273,403	99,289,927	99,856,079	100,757,547	115,763,279
	1,561,349	\$ (2,366,856)	\$ (30,519,420)	\$ (28,326,683)	\$ 28,288,565	\$ 3,093,999

INDEPENDENT SCHOOL DISTRICT NO. 624

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

	2011	2012	2013	Fiscal Year 2014
General Fund				
Nonspendable	\$ 586,628	\$ 219,984	\$ 1,255,743	\$ 188,940
Restricted	3,148,469	2,106,435	1,022,955	1,063,801
Assigned	7,818,797	6,697,066	8,955,687	15,588,049
Unassigned	8,882,644	11,115,223	7,295,063	11,526,750
Total General Fund	\$ 20,436,538	\$ 20,138,708	\$ 18,529,448	\$ 28,367,540
All other governmental funds				
Nonspendable	\$ 175,913	\$ 108,758	\$ 100,371	\$ 81,257
Restricted	619,346	469,850	484,528	1,118,414
Special revenue funds				
Capital Projects - Building	1,149,370	6,629,267	2,271,497	255,422
Construction Fund	1,503,105	28,513,803	1,717,454	2,255,307
Debt service funds				(51,191)
Unassigned				
Total all other governmental funds	\$ 3,447,734	\$ 35,721,678	\$ 4,573,850	\$ 3,659,209

	2015	2016	2017	2018	2019	2020
\$ 35,162,695	\$ 35,221,900	\$ 35,802,955	\$ 35,528,658	\$ 37,919,198	\$ 42,318,235	
52,864	103,638	311,131	573,551	972,085	5,387,019	
6,774,268	9,576,917	9,442,198	10,211,671	10,518,019	9,007,221	
67,092,392	72,091,177	74,746,927	78,253,127	82,296,921	84,285,721	
4,459,741	4,494,938	4,777,798	4,697,630	5,370,277	5,353,084	
113,541,960	121,488,570	125,081,009	129,264,637	137,076,500	146,351,280	
4,368,076	4,319,876	4,428,948	4,439,908	4,767,244	4,754,277	
1,662,845	1,927,834	2,150,921	2,294,145	2,486,960	2,482,463	
41,958,720	46,242,132	47,911,170	50,957,061	51,578,338	52,869,123	
951,749	880,860	1,534,004	1,466,872	1,781,712	1,571,515	
18,802,623	19,818,791	20,846,113	22,539,239	23,855,666	24,453,211	
7,784,273	8,247,943	7,901,076	8,699,660	8,842,082	8,398,544	
8,879,865	10,489,544	11,625,539	12,723,412	13,093,273	12,929,240	
9,129,257	8,619,133	8,382,462	8,271,678	9,332,455	8,369,840	
181,837	318,315	318,782	295,206	293,113	326,531	
4,193,228	4,201,804	4,382,438	4,335,235	4,515,036	3,991,746	
4,499,492	5,223,576	5,450,159	6,122,643	6,888,584	6,888,649	
3,618,237	5,587,987	4,848,594	1,232,886	4,202,130	19,649,016	
7,409,918	7,956,156	8,219,137	8,705,181	8,962,193	12,775,262	
4,449,776	4,094,070	3,800,779	3,776,909	3,464,192	3,108,548	
117,889,896	127,928,021	131,800,122	135,860,035	144,062,978	162,567,965	
(4,347,936)	(6,439,451)	(6,719,113)	(6,595,398)	(6,986,478)	(16,216,685)	
15,270,000	-	-	26,245,000	-	250,000,000	
61,778	-	-	1,425,751	-	13,257,479	
-	-	-	(11,065,000)	-	-	
-	-	-	-	-	-	
13,129	29,540	2,387	4,964	-	4,600	
250,000	1,340,000	-	-	-	-	
(250,000)	-	-	-	-	-	
15,344,907	1,369,540	2,387	16,610,715	-	263,262,079	
\$ 10,996,971	\$ (5,069,911)	\$ (6,716,726)	\$ 10,015,317	\$ (6,986,478)	\$ 247,045,394	
10.2%	9.6%	9.2%	9.3%	8.8%	10.9%	

2015	2016	2017	2018	2019	2020
\$ 156,537	\$ 97,470	\$ 315,203	\$ 515,138	\$ 407,677	\$ 14,573
457,932	1,638,862	2,117,835	1,360,676	3,723,893	6,540,545
12,917,616	10,494,185	10,458,808	5,572,835	3,344,748	2,000,000
13,959,257	15,274,627	12,147,758	12,426,576	9,602,192	7,228,288
<u>\$ 27,491,342</u>	<u>\$ 27,505,144</u>	<u>\$ 25,039,604</u>	<u>\$ 19,875,225</u>	<u>\$ 17,078,510</u>	<u>\$ 15,783,406</u>
\$ 101,040	\$ 105,040	\$ 128,309	\$ 136,834	\$ 118,871	\$ 261,435
1,532,307	1,694,251	2,029,228	2,133,818	1,849,465	1,022,193
11,834,116	6,439,036	1,675,062	16,397,271	12,556,918	261,314,543
2,079,253	2,210,338	2,364,880	2,709,252	2,662,158	2,929,739
(14,338)	—	—	—	—	—
<u>\$ 15,532,378</u>	<u>\$ 10,448,665</u>	<u>\$ 6,197,479</u>	<u>\$ 21,377,175</u>	<u>\$ 17,187,412</u>	<u>\$ 265,527,910</u>

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INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund Revenue by Source
Last Ten Fiscal Years

Year Ended June 30,	Local Property Tax Revenue	State Revenue	Federal Revenue	Other Local and Miscellaneous	Total
2011	\$ 28,052,711 33%	\$ 51,365,163 60%	\$ 5,112,324 6%	\$ 1,269,303 1%	\$ 85,799,501 100%
2012	20,720,513 25%	58,534,326 70%	3,624,916 4%	1,036,788 1%	83,916,543 100%
2013	21,280,073 25%	61,146,075 71%	2,798,778 3%	1,219,431 1%	86,444,357 100%
2014	12,956,296 14%	72,599,880 81%	2,844,272 3%	1,621,936 2%	90,022,384 100%
2015	23,587,670 25%	66,390,402 71%	2,725,971 3%	1,358,971 1%	94,063,014 100%
2016	23,170,610 23%	71,248,577 70%	2,544,801 3%	3,713,551 4%	100,677,539 100%
2017	23,808,740 23%	73,684,350 71%	2,732,657 3%	3,475,642 3%	103,701,389 100%
2018	23,936,695 22%	77,099,110 71%	2,693,184 3%	3,864,518 4%	107,593,507 100%
2019	25,808,561 23%	81,061,081 70%	3,378,693 3%	4,056,534 4%	114,304,869 100%
2020	26,346,415 23%	82,882,935 71%	3,291,408 3%	3,405,038 3%	115,925,796 100%

Note: The change in "tax shift," as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 624

General Fund Expenditures by Program
Last Ten Fiscal Years

Year Ended June 30,	Elementary and Secondary					
	Administration	District Support Services	Regular Instruction	Vocational Education Instruction	Special Education Instruction	
2011	\$ 4,114,888 5%	\$ 2,994,223 3%	\$ 38,006,664 44%	\$ 906,963 1%	\$ 18,282,576 21%	
2012	3,958,852 5%	2,078,268 2%	38,650,289 46%	923,529 1%	17,125,287 20%	
2013	4,015,982 4%	2,193,489 2%	39,629,298 43%	816,566 1%	18,408,949 20%	
2014	4,360,452 4%	1,642,913 2%	41,901,372 43%	827,110 1%	18,603,528 19%	
2015	4,368,076 5%	1,662,845 2%	41,958,720 44%	951,749 1%	18,802,623 20%	
2016	4,319,876 4%	1,927,834 2%	46,242,132 46%	880,860 1%	19,818,791 20%	
2017	4,428,948 5%	2,150,921 2%	47,911,170 45%	1,534,004 1%	20,846,113 20%	
2018	4,439,908 4%	2,294,145 2%	50,957,061 45%	1,466,872 1%	22,539,239 20%	
2019	4,767,244 4%	2,486,960 2%	51,578,338 44%	1,781,712 2%	23,855,666 20%	
2020	4,754,277 4%	2,482,463 2%	52,869,123 45%	1,571,515 2%	24,453,211 21%	

Summary of Revenues and Expenditures for Governmental Funds Last Ten Fiscal Years

	2011	2012	2013	Fiscal Year 2014
Revenues				
General Fund	\$ 85,799,501	\$ 83,916,543	\$ 86,444,357	\$ 90,022,384
Special revenue funds				
Food Service	3,947,224	3,995,104	4,060,843	4,204,291
Community Service	4,195,256	4,702,090	5,097,513	4,621,755
Capital Projects – Building				
Construction Fund	8,403	469	4,333	1,586
Debt Service Fund	10,533,358	10,973,033	11,525,687	11,685,646
Total revenues	\$ 104,483,742	\$ 103,587,239	\$ 107,132,733	\$ 110,535,662
Expenditures				
General Fund	\$ 85,603,802	\$ 84,780,468	\$ 91,575,467	\$ 98,202,842
Special revenue funds				
Food Service	4,099,270	4,008,114	4,098,121	4,205,461
Community Service	4,844,186	5,293,731	5,443,742	4,445,004
Capital Projects – Building				
Construction Fund	3,409,308	3,234,268	4,360,305	2,017,661
Debt Service Fund	10,743,919	11,223,747	12,132,036	11,147,793
Total expenditures	\$ 108,700,485	\$ 108,540,328	\$ 117,609,671	\$ 120,018,761

INDEPENDENT SCHOOL DISTRICT NO. 624

Cash and Investments by Fund
Last Ten Fiscal Years

	2011	2012	2013	Fiscal Year 2014
General Fund	\$ 4,481,478	\$ 1,729,290	\$ 14,927,823	\$ 25,331,076
Special revenue funds				
Food Service	327,298	345,224	346,449	315,489
Community Service	396,471	231,772	363,895	1,389,406
Capital Projects – Building Construction Fund	1,819,236	7,435,706	2,647,272	278,236
Debt Service Fund	5,985,243	33,486,384	7,009,142	6,863,009
Internal service funds	3,692,229	3,805,021	3,864,013	3,557,696
Post-Employment Benefits Trust Fund	46,153,625	42,146,512	42,335,624	47,000,965
Scholarship Private-Purpose Trust Fund	34,876	33,145	30,617	40,658
Custodial Fund	—	—	—	—
	\$ 62,890,456	\$ 89,213,054	\$ 71,524,835	\$ 84,776,535

2015	2016	2017	2018	2019	2020
\$ 94,063,014	\$ 100,677,539	\$ 103,701,389	\$ 107,593,507	\$ 114,304,869	\$ 115,925,796
4,208,560	4,432,336	4,607,261	4,558,208	4,610,762	3,982,048
4,772,075	5,343,584	5,647,653	6,081,836	6,544,785	6,390,640
1,821	19,955	20,549	129,387	307,534	4,972,161
10,496,490	11,015,156	11,104,157	10,901,699	11,308,550	15,080,635
\$ 113,541,960	\$ 121,488,570	\$ 125,081,009	\$ 129,264,637	\$ 137,076,500	\$ 146,351,280
\$ 94,702,341	\$ 102,030,583	\$ 106,169,316	\$ 112,757,886	\$ 117,101,584	\$ 117,225,500
4,245,505	4,347,742	4,426,363	4,375,549	4,552,813	4,148,747
4,515,800	5,250,818	5,470,711	6,147,818	6,905,050	6,908,649
3,549,652	5,414,807	4,784,117	1,167,397	4,147,887	19,472,015
10,876,598	10,884,071	10,949,615	11,411,385	11,355,644	14,813,054
\$ 117,889,896	\$ 127,928,021	\$ 131,800,122	\$ 135,860,035	\$ 144,062,978	\$ 162,567,965

Note 1: The District implemented GASB Statement No. 84, *Fiduciary Fund*, in fiscal 2020. The District reported a Custodial Fund, as a result of the implementing of this standard. Prior year amounts have not been restated.

Note 2: This table includes cash and investments held by trustee.

INDEPENDENT SCHOOL DISTRICT NO. 624

Expenditures per Student
Last Ten Fiscal Years

	2011	2012	2013	Fiscal Year 2014
Expenditures per student				
General Fund	\$ 527	\$ 369	\$ 383	\$ 344
District-level administration	402	442	476	490
School-level administration	4,456	4,528	4,730	4,826
Regular instruction	108	113	101	101
Career and technical instruction	2,195	2,089	2,264	2,261
Special education	129	156	138	157
Student activities/athletics	442	471	410	491
Instructional support services	280	312	339	483
Pupil support services	923	860	920	935
Operations, maintenance, and other	498	540	594	604
Student transportation	410	527	474	350
Capital				
Total General Fund expenditures per student	\$ 10,370	\$ 10,407	\$ 10,829	\$ 11,042
Food Service Special Revenue Fund	\$ 497	\$ 492	\$ 506	\$ 515

Source: Minnesota Department of Education

	2015	2016	2017	2018	2019	2020
\$ 32,440,239	\$ 30,436,088	\$ 25,600,462	\$ 20,379,909	\$ 15,758,533	\$ 18,163,217	
283,747	295,187	463,293	627,316	613,620	285,169	
1,901,557	1,990,015	2,250,731	2,307,797	2,025,694	1,307,493	
13,136,829	7,130,933	1,718,169	16,508,518	12,595,789	259,965,642	
7,016,828	7,241,862	7,259,123	7,886,379	9,572,210	14,516,319	
5,565,947	4,079,603	3,663,757	4,477,099	5,066,433	5,672,784	
33,422,551	31,104,825	32,185,452	34,115,030	35,121,517	35,149,062	
80,964	167,025	153,728	243,000	172,078	—	
—	—	—	—	—	220,371	
\$ 93,848,662	\$ 82,445,538	\$ 73,294,715	\$ 86,545,048	\$ 80,925,874	\$ 335,280,057	

	2015	2016	2017	2018	2019	2020
\$	343	\$ 365	\$ 374	\$ 400	\$ 436	\$ 267
	489	488	502	499	404	560
	4,921	5,292	5,343	5,542	5,655	5,731
	116	106	181	168	206	180
	2,281	2,387	2,447	2,584	2,758	2,787
	152	255	253	276	332	308
	548	640	652	659	890	721
	473	516	512	543	560	625
	911	874	879	866	992	957
	606	702	825	874	920	843
	663	673	512	531	415	485
\$	11,503	\$ 12,300	\$ 12,479	\$ 12,943	\$ 13,568	\$ 13,464
\$	516	\$ 524	\$ 522	\$ 719	\$ 557	\$ 476

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INDEPENDENT SCHOOL DISTRICT NO. 624

Governmental Funds Tax Revenues by Source and Levy Type
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax				Total
	General Fund	Community Service Special Revenue Fund	Debt Service Fund		
2011	\$ 28,052,711	\$ 1,200,155	\$ 10,058,313		\$ 39,311,179
2012	20,720,513	797,823	10,442,277		31,960,613
2013	21,280,073	1,104,680	11,495,561		33,880,314
2014	12,956,296	559,095	11,683,053		25,198,444
2015	23,587,670	1,080,555	10,494,470		35,162,695
2016	23,170,610	1,042,443	11,008,847		35,221,900
2017	23,808,740	1,000,767	10,993,448		35,802,955
2018	23,936,695	851,605	10,740,358		35,528,658
2019	25,808,561	1,025,846	11,084,791		37,919,198
2020	26,346,415	1,118,903	14,852,917		42,318,235

Note: The change in "tax shift," as approved in legislation, impacted the amount of tax revenue recognized in fiscal years 2011 and 2014. Changes in the amount of revenue recognized, due to the tax shift, are offset by an adjustment to state aid payments by an equal amount.

INDEPENDENT SCHOOL DISTRICT NO. 624

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Agricultural Net Tax Capacity	Personal Property	Nonagricultural Net Tax Capacity	Fiscal Disparities	
				Contribution Net Tax Capacity	Distribution Net Tax Capacity
2011	\$ 360,106	\$ 927,025	\$ 76,341,618	\$ (8,670,402)	\$ 8,539,233
2012	392,973	995,107	69,319,294	(8,175,134)	7,388,803
2013	395,373	1,062,162	64,295,867	(7,513,017)	7,115,720
2014	401,085	1,065,271	65,266,991	(7,389,456)	6,898,176
2015	404,636	1,089,830	70,778,051	(7,525,888)	6,924,807
2016	414,264	1,186,977	72,619,763	(7,523,002)	7,099,529
2017	422,640	1,281,958	76,741,560	(7,795,352)	7,815,144
2018	430,930	1,362,746	84,067,538	(8,448,877)	8,337,120
2019	417,860	1,327,082	90,414,147	(9,221,744)	8,812,128
2020	407,075	1,346,317	96,683,531	(9,897,728)	9,482,997

Note: The District has presented estimated market value, which is the best information available to represent estimated actual value of property.

Source: State of Minnesota School Tax Report

Tax Increment Net Tax Capacity	Total Taxable Net Tax Capacity	Total Direct Tax Rate	Estimated Market Value	Percentage Tax Capacity to Market Value	
					%
\$ (4,173,498)	\$ 73,324,082	0.22521	\$ 6,497,742,000		1.13
(3,467,832)	66,453,211	0.26101	6,236,751,100		1.07
(3,060,855)	62,295,250	0.28622	5,820,147,200		1.07
(3,005,643)	63,236,424	0.28562	5,914,824,800		1.07
(2,570,977)	69,100,459	0.26660	6,418,024,100		1.08
(1,418,213)	72,379,318	0.26236	6,573,881,600		1.10
(1,266,217)	77,199,733	0.23476	6,904,085,300		1.12
(1,221,355)	84,528,102	0.23685	7,484,891,300		1.13
(1,238,186)	90,511,287	0.26081	7,995,141,000		1.13
(1,182,453)	96,839,739	0.36777	8,549,395,400		1.13

INDEPENDENT SCHOOL DISTRICT NO. 624

School Tax Levies
Tax Rates (1), and Market Value Rates by Fund
Last Ten Fiscal Years

Year	General	Community	Debt Service	Total
Collectible	Fund (2)	Service Special Revenue Fund	Fund	All Funds
2011	\$ 21,679,347	\$ 849,309	\$ 11,195,932	\$ 33,724,588
2012	21,716,706	971,539	11,687,568	34,375,813
2013	22,158,396	1,083,251	11,664,086	34,905,733
2014	24,489,875	1,089,836	10,575,794	36,155,505
2015	23,793,193	1,050,963	11,097,447	35,941,603
2016	24,217,987	999,958	10,987,335	36,205,280
2017	24,311,613	907,449	10,863,759	36,082,821
2018	26,510,297	1,023,603	11,060,925	38,594,825
2019	27,730,600	1,097,369	15,074,825	43,902,794
2020	28,727,888	1,098,027	26,057,403	55,883,318
Levies				
2011	0.06029	0.01163	0.15329	0.22521
2012	0.06757	0.01485	0.17859	0.26101
2013	0.07956	0.01756	0.18910	0.28622
2014	0.10119	0.01723	0.16720	0.28562
2015	0.09204	0.01510	0.15946	0.26660
2016	0.09700	0.01379	0.15156	0.26236
2017	0.08408	0.05446	0.09622	0.23476
2018	0.09376	0.04893	0.09416	0.23685
2019	0.08052	0.01223	0.16805	0.26081
2020	0.07914	0.01167	0.27697	0.36777
Market value rates				
2011	0.00242	—	—	0.00242
2012	0.00248	—	—	0.00248
2013	0.00264	—	—	0.00264
2014	0.00273	—	—	0.00273
2015	0.00240	—	—	0.00240
2016	0.00235	—	—	0.00235
2017	0.00230	—	—	0.00230
2018	0.00230	—	—	0.00230
2019	0.00232	—	—	0.00232
2020	0.00224	—	—	0.00224

(1) Tax rates are expressed in terms of "net tax capacity." A property's tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

(2) A tax rate based on market value is used for a portion of the District's referendum levy.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Property Tax Rates (1)
Last Ten Fiscal Years

For Taxes Collectible	ISD No. 624		Counties		Special Taxing Districts			
	Total Direct Tax Rate (2)	Market Value Rate	Ramsey County	Washington County	Anoka County	Ramsey County	Washington County	Anoka County
2011	22.521	0.242	54,678	29,772	39,952	8,251	4,389	4,639
2012	26.101	0.248	61,316	31,939	41,146	9,240	5,247	6,691
2013	28.622	0.264	65,240	34,225	44,411	9,954	3,164	6,940
2014	28.562	0.273	63,735	32,811	43,239	9,825	4,640	5,768
2015	26.660	0.240	58,922	30,186	38,123	9,179	4,183	5,327
2016	26.236	0.235	58,885	30,564	38,894	9,052	4,568	5,728
2017	23.476	0.230	55,850	30,448	37,273	8,558	4,345	5,087
2018	23.685	0.230	53,962	29,983	35,820	8,249	4,175	4,902
2019	26.081	0.232	52,879	29,682	34,908	8,265	3,994	2,015
2020	36.777	0.224	52,302	28,944	33,483	8,249	3,738	1,956

(1) Tax rates are expressed in terms of "net tax capacity." A property's tax capacity is determined by multiplying its taxable market value by a state-determined class rate. Class rates vary by property type and change periodically, based on state legislation.

(2) Tax rates per \$100 of tax capacity.

Source: Anoka, Washington, and Ramsey counties

Municipalities				Average Total Rates by Area							
White Bear Lake	White Bear Township	Hugo	Lino Lakes	Vadnais Heights	White Bear Lake		White Bear Township		Vadnais Heights		Lino Lakes Resident
					Resident	Resident	Resident	Resident	Resident	Resident	
17,705	20,760	34,236	42,041	24,771	103,397	106,452	91,160	110,463	109,395		
19,940	23,767	36,498	42,894	27,840	116,845	120,672	100,033	124,745	117,080		
21,496	25,246	36,512	46,774	29,051	125,576	129,326	102,787	133,131	127,011		
21,102	24,014	36,417	46,683	29,269	123,497	126,409	102,703	131,664	124,525		
20,368	22,031	36,318	43,770	26,904	115,369	117,032	97,586	121,905	114,120		
19,690	22,875	36,323	46,019	26,820	114,098	117,283	97,926	121,228	117,113		
18,969	21,976	36,356	45,140	26,845	107,083	110,090	94,854	114,959	111,206		
19,058	21,623	36,330	42,826	24,872	105,184	107,749	94,402	110,998	107,463		
20,190	21,722	36,274	41,817	24,127	107,647	109,179	96,263	111,584	105,053		
20,629	21,760	39,279	39,870	24,583	118,181	119,312	108,962	122,135	112,310		

INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity	Taxable Net Tax Capacity	Rank	Percentage of Taxable Net Tax Capacity
Xcel Energy	\$ 1,269,373	1	1.31	\$ 240,154	9	0.33
White Bear Woods Apartments	559,129	2	0.58	271,563	5	0.37
HB Fuller	384,376	3	0.40	-	-	-
Dakota Upreit LLP	354,868	4	0.37	-	-	-
White Bear Marketplace	320,388	5	0.33	-	-	-
MSP Vadnais, LLC	293,250	6	0.30	-	-	-
Buerkle Enterprises, LLC	284,632	7	0.29	-	-	-
VH Medical Partners LLC	284,392	8	0.29	-	-	-
Walmart Real Estate Business Trust	279,804	9	0.29	-	-	-
Lodge at White Bear	266,310	10	0.28	254,424	7	0.35
Trane Corporation	-	-	-	1,158,392	1	1.58
Festival Foods Grocery	-	-	-	363,976	2	0.50
K-Mart Corporation	-	-	-	355,920	3	0.49
Aspen Research	-	-	-	336,042	4	0.46
Sam's Club	-	-	-	269,250	6	0.37
Schwing America, Inc.	-	-	-	247,030	8	0.34
Wilbert Plastics, Inc.	-	-	-	225,286	10	0.31
Total	\$ 4,296,522		4.44	\$ 3,722,037		5.08

Source: City of White Bear Lake, White Bear Township, City of Hugo, and City of Vadnais Heights

INDEPENDENT SCHOOL DISTRICT NO. 624

Property Tax Levies and Receivables
Last Ten Fiscal Years

For Taxes Collectible	Original Levy			Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits (1)	First Year Levy Amount	Recognized Percentage of Levy
2011	\$ 29,468,908	\$ 3,480,987	\$ 774,693	\$ 33,239,387	98.6
2012	30,927,409	3,447,088	1,316	33,926,689	98.7
2013	31,178,677	3,724,356	2,700	34,553,389	99.0
2014	32,257,126	3,897,020	1,359	35,747,852	98.9
2015	31,979,108	3,962,495	-	35,662,183	99.2
2016	32,555,594	3,649,686	-	35,980,466	99.4
2017	32,180,096	3,902,725	-	35,808,331	99.2
2018	34,729,868	3,864,957	-	38,347,361	99.4
2019	39,886,903	4,015,891	-	43,629,296	99.4
2020	51,253,317	4,630,001	-	24,866,218	44.5

(1) A portion of the total spread levy is paid through various property tax credits, which are paid through state aids and have been included in collections. Legislative changes, beginning with taxes collectible in 2012, significantly reduced or eliminated the amount of tax credits paid through state aids.

(2) Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 624

Ratio of Net Debt
to Net Tax Capacity and Market Value and
Net Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Outstanding Bonded Debt	Capital Lease Payable	Premium (Discount) on Debt	Balance on Hand Value	Net Debt	Net Tax Capacity	Percent of Net Debt to Net Tax Capacity Value
2011	\$ 99,385,000	\$ 580,137	\$ 637,332	\$ 1,503,105	\$ 99,099,464	\$ 73,324,082	135.15 %
2012	125,540,000	399,000	3,519,477	28,513,803	100,944,674	66,453,211	151.90
2013	92,180,000	4,164,161	3,049,526	1,717,454	97,676,233	62,295,250	156.80
2014	85,060,000	11,870,344	2,635,931	2,255,307	97,310,968	63,236,424	153.88
2015	93,420,000	11,370,426	2,330,474	2,079,253	105,041,647	69,100,459	152.01
2016	86,195,000	10,639,270	1,958,524	2,210,338	96,582,456	72,379,318	133.44
2017	78,640,000	9,975,133	1,586,574	2,364,880	87,836,827	77,199,733	113.78
2018	85,805,000	9,284,952	2,515,596	2,709,252	94,896,296	84,528,102	112.27
2019	77,560,000	8,567,759	1,986,644	2,662,158	85,452,245	90,511,287	94.41
2020	315,530,000	7,822,497	14,538,405	2,925,739	334,961,163	96,839,739	345.89

Note: Balance on hand values are restricted for the repayment of debt principal based on Minnesota Statutes.
Source: State of Minnesota School Tax Report and Metropolitan Council

Received in Subsequent Years	Total to Date		Uncollected Taxes Receivable as of June 30, 2020			
	Amount	Percentage of Levy	Delinquent (2)		Current	
			Amount	Percent	Amount	Percent
\$ 485,201	\$ 33,724,588	100.0 %	\$ -	- %	\$ -	- %
449,124	34,375,813	100.0	-	-	-	-
352,344	34,905,733	100.0	-	-	-	-
364,372	36,112,224	99.9	43,281	0.1	-	-
267,496	35,929,679	100.0	11,924	-	-	-
204,373	36,184,839	99.9	20,441	0.1	-	-
241,737	36,050,068	99.9	32,753	0.1	-	-
186,065	38,533,426	99.8	61,399	0.2	-	-
-	43,629,296	99.4	273,498	0.6	-	-
-	-	-	-	-	31,017,100	55.5
			\$ 443,296		\$ 31,017,100	

INDEPENDENT SCHOOL DISTRICT NO. 624

Ratio of Annual Debt Expenditures
to General Fund Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest and Other Charges	Total Debt Service Expenditures	Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
2011	\$ 6,152,276	\$ 4,798,391	\$ 10,950,667	\$ 85,603,802	12.79 %
2012	6,721,237	4,709,258	11,430,495	84,780,468	13.48
2013	7,304,839	4,978,113	12,282,952	91,575,467	13.41
2014	7,413,817	4,170,299	11,584,116	98,202,842	11.80
2015	7,409,918	4,449,776	11,859,694	94,702,341	12.52
2016	7,956,156	4,094,070	12,050,227	102,030,583	11.81
2017	8,219,137	3,800,779	12,019,916	106,169,316	11.32
2018	8,705,181	3,776,909	12,482,090	112,757,886	11.07
2019	8,962,193	3,464,192	12,426,385	117,101,584	10.61
2020	12,775,262	3,108,548	15,883,810	117,225,500	13.55

Market Value	Percent of Net Debt to Market Value	Estimated Population	Net Debt per Capita	Total Debt per Capita	Percent of Net Debt to Personal Income	Percent of Total Debt to Personal Income
\$ 6,497,742,000	1.53 %	47,533	\$ 2,085	\$ 2,116	4.19 %	4.26 %
6,236,751,100	1.62	48,144	2,097	2,689	4.14	5.31
5,820,147,200	1.68	48,332	2,021	2,056	3.87	3.94
5,914,824,800	1.65	48,449	2,009	2,055	3.75	3.83
6,418,024,100	1.64	48,645	2,159	2,202	3.89	3.97
6,573,881,600	1.47	49,189	1,963	2,008	3.50	3.58
6,904,085,300	1.27	49,739	1,766	1,814	3.15	3.23
7,484,891,300	1.27	50,734	1,870	1,924	3.24	3.33
7,995,141,000	1.07	51,749	1,651	1,703	2.74	2.82
8,549,395,400	3.92	65,782	5,092	5,137	8.17	8.24

INDEPENDENT SCHOOL DISTRICT NO. 624

Direct and Overlapping Debt
as of June 30, 2020

Taxing unit	General Obligation Debt	2020 Tax Capacity Value	Percent of Debt Applicable (1)	Amount of Debt Applicable
Overlapping debt				
Counties				
Ramsey	\$ 160,510,000	\$ 663,489,369	11.35 %	\$ 18,219,811
Washington	125,410,000	344,797,210	5.39	6,764,992
Cities				
White Bear Lake	18,200,000	33,574,636	97.53	17,750,278
White Bear Township	1,545,000	16,835,348	99.81	1,542,040
Hugo	630,000	21,722,365	77.61	488,947
Special districts				
Metropolitan Council	230,225,000	4,576,187,142	2.05	4,724,677
Total overlapping debt	536,520,000	5,656,606,070		49,490,745
Direct debt				
ISD No. 624	337,890,902	96,839,739	100.00	337,890,902
Total direct and overlapping debt	\$ 874,410,902	\$ 5,753,445,809		\$ 387,381,647

(1) The percent overlap is based on the percentage of tax capacity of the individual entities in ISD No. 624.

Source: The Official Statement associated with the District's 2020B Certificates of Participation (prepared by Ehlers)

INDEPENDENT SCHOOL DISTRICT NO. 624

Legal Debt Margin Information
Last Ten Fiscal Years

	2011	2012	2013	Fiscal Year 2014
Debt limit	\$ 974,661,300	\$ 935,512,665	\$ 873,022,080	\$ 887,223,720
Total net debt applicable to the limit	97,881,895	97,109,281	90,462,546	82,804,693
Legal debt margin	\$ 876,779,405	\$ 838,403,384	\$ 782,559,534	\$ 804,419,027
Total net debt applicable to the limit as a percentage of debt limit	10.04%	10.38%	10.36%	9.33%

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

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 624

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Ramsey County Unemployment Rate (2)
2011	47,533	\$ 2,362,956,123	\$ 49,691	37.4	8,231	7.5 %
2012	48,144	2,439,398,707	50,669	37.4	8,005	6.4
2013	48,332	2,523,752,044	52,217	37.4	8,035	5.3
2014	48,449	2,596,381,910	53,590	37.4	8,056	4.7
2015	48,645	2,697,851,700	55,460	41.2	8,043	3.8
2016	49,189	2,760,634,247	56,123	41.4	8,117	3.7
2017	49,739	2,790,556,856	56,104	44.1	8,312	3.6
2018	50,734	2,928,214,278	57,717	43.8	8,661	2.6
2019	51,749	3,120,516,449	60,301	44.2	8,765	3.1
2020	65,782	4,098,481,728	62,304	44.3	8,802	9.2

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Data sources:

- (1) Bureau of the Census/County Regional Planning Commission
- (2) Minnesota Department of Employment and Economic Development
- (3) Bureau of the Census
- (4) ISD No. 624

2015	2016	2017	2018	2019	2020
\$ 962,703,615	\$ 986,082,240	\$ 1,035,612,795	\$ 1,122,733,695	\$ 1,199,271,150	\$ 1,282,409,310
91,340,747	83,984,662	81,004,880	88,514,252	80,222,158	312,600,261
\$ 871,362,868	\$ 902,097,578	\$ 954,607,915	\$ 1,034,219,443	\$ 1,119,048,992	\$ 969,809,049
9.49%	8.52%	7.82%	7.88%	6.69%	24.38%
Legal Debt Margin Calculation for Fiscal Year 2020					
Market value					
\$ 8,549,395,400					
Debt limit (15% of market value)					
1,282,409,310					
Debt applicable to limit					
General obligation bonds					
Less amount set aside for repayment					
of general obligation debt					
(2,929,739)					
Total net debt applicable to the limit					
312,600,261					
Legal debt margin					
\$ 969,809,049					

INDEPENDENT SCHOOL DISTRICT NO. 624

Principal Employers
Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
ISD No. 624	1,244	1	4.66 %	1,119	1	N/A %
Century College	984	2	3.69	625	2	N/A
HB Fuller	600	3	2.25	—	—	N/A
I.C. Systems	564	4	2.11	—	—	N/A
Wilson Tools	505	5	1.89	415	3	N/A
Bal Seal Engineering	500	6	1.87	—	—	N/A
Heraeus Medical Components	450	7	1.69	350	4	N/A
Walmart	410	8	1.54	—	—	N/A
Schwing America, Inc.	317	9	1.19	—	—	N/A
Water Grenlin Co.	300	10	1.12	210	5	N/A
Porous Media Corporation	—	—	—	157	6	N/A
Wilbert Plastics, Inc.	—	—	—	150	7	N/A
Cub Foods	—	—	—	150	7	N/A
Specialty Manufacturing	—	—	—	125	9	N/A
Cortec Corporation	—	—	—	123	10	N/A
Total district employment	5,874		22.01 %	3,424		N/A %
	26,685			N/A		

N/A – Not Available

Note 1: Information regarding total employment in the District is not readily available.

Note 2: This table includes the City of White Bear Lake, White Bear Township, City of Vadnais Heights, and the City of Hugo.

Source: State Department of Commerce

INDEPENDENT SCHOOL DISTRICT NO. 624

Employees by Classification
Last Ten Fiscal Years

	2011		2012		2013		Fiscal Year 2014	
Board of Education (1)	7		7		7		7	
Cabinet/Administrators/Principals (2)	37		37		36		35	
Nonaffiliated (3)	16		19		29		25	
Teachers (4)	559		580		599		602	
Support services (5)	126		110		101		103	
Paraprofessionals (6)	148		152		153		158	
Custodians (7)	67		67		63		65	
Nutritional services (8)	72		75		75		73	
Extended day (9)	44		43		47		48	
Bus drivers (10)	43		43		40		38	
Total	1,119		1,133		1,150		1,154	

(1) Board of Education consists of seven elected officials.

(2) Cabinet/Administrators/Principals include the Cabinet, the White Bear Lake Principal's Association, and the White Bear Lake Administrator's Association.

(3) Nonaffiliated includes positions that are not affiliated with any other listed group and are directed by individual compensation plans.

(4) Teachers include members of the White Bear Lake Teachers Association.

(5) Support services include members of the Service Employees International Union (SEIU) Local 284 and the Confidential Employee Group.

(6) Paraprofessionals include members of the SEIU Local 284.

(7) Custodians include members of the International Union of Operating Engineers (IUOE) Local 70.

(8) Nutritional services include members of the White Bear Lake Nutrition Services Association.

(9) Extended day includes members of the White Bear Lake Extended Day Program Association.

(10) Bus drivers include members of the IUOE Local 70.

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Teacher Data
Last Ten Fiscal Years

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary	Number of Teachers With	
				B.A. Degree	M.A. Degree
2011	\$ 35,000	\$ 79,285	\$ 57,143	174	414
2012	36,850	80,925	58,888	167	413
2013	37,219	82,409	59,814	185	414
2014	38,391	84,628	61,510	199	392
2015	39,275	86,740	63,008	189	408
2016	40,350	88,615	64,483	184	457
2017	41,425	90,040	65,733	147	459
2018	42,357	92,590	67,474	175	434
2019	43,310	94,482	68,896	142	502
2020	44,720	97,213	70,967	122	484

Source: ISD No. 624

2015	2016	2017	2018	2019	2020
7	7	7	7	7	7
35	33	34	30	31	29
42	62	72	80	88	86
604	620	607	616	636	606
103	101	103	99	111	112
158	163	164	174	197	182
65	67	71	70	76	64
71	71	76	70	76	60
31	34	39	43	73	65
40	48	46	44	43	33
1,156	1,206	1,219	1,233	1,338	1,244

INDEPENDENT SCHOOL DISTRICT NO. 624

Student to Staff Ratios
Last Ten Fiscal Years

Fiscal Year	ISD No. 624 Student to Teacher Ratios	Minnesota Department of Education Student to Staff Ratio	
		ISD No. 624	Average
2011	18.00	15.00	13.00
2012	18.00	14.00	14.00
2013	17.00	14.00	13.00
2014	17.00	14.00	13.00
2015	16.00	14.00	13.00
2016	17.00	14.00	N/A
2017	17.00	13.00	N/A
2018	17.00	13.00	N/A
2019	16.00	13.00	N/A
2020	N/A	N/A	N/A

N/A – Not Available

Source: Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 624

Operating Indicators by Function
Standardized Testing and Graduation Rates
Last Ten Fiscal Years

	2011		2012		2013		2014	
Standardized Tests								
MCA Reading (1) (2)								
Grade 3	82.60	%	83.70	%	60.80	%	66.00	%
Grade 4	78.90		80.60		59.60		60.00	
Grade 5	87.40		82.20		68.90		73.60	
Grade 6	76.30		78.70		63.90		64.60	
Grade 7	68.90		78.30		60.80		59.90	
Grade 8	73.60		72.70		64.60		66.90	
Grade 10	76.00		78.80		66.80		59.70	
MCA Math (1)								
Grade 3	75.61		84.60		76.60		80.40	
Grade 4	75.56		81.00		77.20		74.40	
Grade 5	65.33		69.10		66.90		62.60	
Grade 6	48.26		61.60		57.10		61.80	
Grade 7	50.17		60.80		60.40		58.00	
Grade 8	59.36		66.00		68.20		70.40	
Grade 11	65.00		51.80		62.10		68.00	
MCA Science (1)								
Grade 5	57.50		64.00		69.00		63.80	
Grade 7	51.50		52.00		57.50		58.10	
Grade 11	58.60		56.00		60.60		56.20	
ACT								
Average composite score	22.90		22.80		23.10		23.40	
Graduation data								
ISD No. 624 rate	88.30		90.40		91.40		90.60	
Post-graduation								
4-year college/university	58.00		58.00		62.00		60.00	
2-year college	35.00		35.00		27.00		25.00	
Other	7.00		7.00		11.00		15.00	

N/A – Not Available

(1) Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

(2) New reading test in 2013 aligned with new standards.

(3) 2020 data not available due to COVID-19.

Source: Minnesota Department of Education

2015	2016	2017	2018	2019	2020 (3)
63.90 %	64.00 %	65.00 %	65.10 %	62.60 %	N/A %
63.20	62.60	64.20	67.70	66.70	N/A
69.60	77.10	74.10	76.20	74.00	N/A
68.40	66.10	67.20	68.20	68.00	N/A
61.90	58.00	56.30	61.10	60.90	N/A
57.30	62.80	60.30	55.80	60.60	N/A
68.30	62.70	65.10	55.70	63.70	N/A
78.10	79.70	74.30	75.90	74.00	N/A
79.80	75.40	78.50	72.10	72.60	N/A
61.30	70.90	66.70	68.10	57.90	N/A
54.70	52.90	61.40	55.10	57.00	N/A
59.20	54.60	56.30	57.40	57.80	N/A
64.20	68.30	64.70	63.70	65.40	N/A
56.70	60.50	59.60	56.50	54.40	N/A
63.50	70.20	66.10	67.40	61.50	N/A
52.50	53.60	55.00	49.70	47.60	N/A
65.40	63.50	64.20	54.30	54.50	N/A
21.50	21.80	22.00	21.90	21.86	N/A
89.30	89.70	87.70	88.70	88.10	N/A
66.00	66.00	61.00	57.00	61.00	N/A
23.00	23.00	28.00	26.00	22.00	N/A
11.00	11.00	11.00	17.00	17.00	N/A

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INDEPENDENT SCHOOL DISTRICT NO. 624

Food Service
School Lunch Program
Last Ten Fiscal Years

Fiscal Year	Average Daily Attendance	Total Lunches Served	Days	Average Daily Participation (ADP)	Percent of ADP	Free Lunch		Reduced-Price Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2011	7,011	905,516	172	5,023	71.64 %	237,912	26.27 %	93,224	10.30 %
2012	7,586	877,690	172	5,103	67.27	250,903	28.59	75,928	8.65
2013	7,382	831,414	172	4,834	65.48	246,535	29.65	80,519	9.68
2014	7,558	850,649	172	4,815	63.71	255,488	30.03	83,593	9.83
2015	7,563	864,918	172	5,029	66.49	257,473	29.77	85,632	9.90
2016	7,683	859,192	172	4,995	65.01	245,745	28.60	85,592	9.96
2017	7,821	870,053	172	5,058	65.00	242,242	27.84	84,705	10.05
2018	7,998	876,171	172	5,094	63.69	235,303	26.86	93,842	10.71
2019	8,286	898,412	172	5,223	63.04	223,814	24.91	97,003	10.80
2020	8,539	680,867	172	3,959	46.36	208,197	30.58	63,355	9.31

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

School Facilities
as of June 30, 2020

Facility	Usage	Constructed
White Bear Lake High School South Campus	School – office – classrooms	1971
White Bear Lake High School North Campus	School – office – classrooms	1963
Central Middle/District Center	School – office – classrooms	1918
Sunrise Park Middle	School – office – classrooms	1959
Oneka Elementary	School – office – classrooms	2006
Otter Lake Elementary	School – office – classrooms	1987
Vadnais Heights Elementary	School – office – classrooms	1950
Lincoln Elementary	School – office – classrooms	1952
Birch Lake Elementary	School – office – classrooms	1966
Matoska International	School – office – classrooms	1962
Lakecaires Elementary	School – office – classrooms	1960
Bellaire Elementary	School – office – classrooms	1956
Hugo Elementary	School – office – classrooms	1961
Willow Lane Elementary	School – office – classrooms	1965
Golfview – ALC	School – office – classrooms	1964
Transition Plus	School – office – classrooms	2005
Normandy Park Center	School – office – classrooms	1960
Hippodrome	Community education – classrooms	1928
Bus garage	Shops/storage	1954
Grounds department	Shops/storage	1997
Maintenance department	Shops/storage	1974
N/A – Not Applicable		

Note: Design capacity calculated at 25 elementary students per kindergarten through Grade 6 classroom and 28 secondary students per classroom.

Source: ISD No. 624

INDEPENDENT SCHOOL DISTRICT NO. 624

Insurance Coverage
as of June 30, 2020

Type of Coverage	Amount of Coverage
Fire extended coverage/blanket real and personal property	\$400,000,000 on a replacement cost basis
Comprehensive general liability	\$4,000,000 each occurrence \$8,000,000 aggregate
Boiler and machinery liability	\$250,000,000 on a replacement cost basis
Automobile	\$4,000,000 each occurrence \$8,000,000 aggregate
Workers' compensation	Statutory liability \$500,000 per employee
Employee benefits liability	\$4,000,000 each occurrence \$8,000,000 aggregate
Employee dishonesty blanket bond	\$1,000,000 on all employees
School Board legal liability and law enforcement activities (includes school leaders errors and omissions)	\$4,000,000 each occurrence \$8,000,000 aggregate
Cyber liability	\$1,000,000 each occurrence/aggregate
Pollution liability	\$10,000,000 aggregate

Source: ISD No. 624

Acre	Regular Classrooms	Square Feet	Capacity	2019-2020 Enrollment
57.04	53	289,953	1,270	1,146
47.94	58	280,906	1,270	1,156
25.00	48	266,386	1,095	1,178
25.30	49	126,979	837	844
44.00	22	119,955	624	653
20.00	33	104,739	580	573
16.75	25	69,256	420	425
11.00	26	59,928	468	477
10.00	26	61,781	280	273
10.00	23	71,485	580	578
9.00	23	86,969	396	407
10.00	24	55,433	400	-
9.70	17	58,801	328	317
13.00	23	86,723	420	354
12.00	19	46,872	134	161
-	4	7,258	50	40
1.00	11	31,389	275	262
1.00	1	22,295	N/A	-
-	-	3,899	N/A	-
-	-	3,160	N/A	-
-	-	3,317	N/A	-

INDEPENDENT SCHOOL DISTRICT NO. 624

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM)						Total Pupil Units
	Handicapped and Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total		
2011	115	534	3,633	3,864	8,146		9,441
2012	115	560	3,639	3,747	8,061		9,305
2013	118	580	3,662	3,668	8,028		9,242
2014	120	626	3,735	3,615	8,096		9,288
2015	166	589	3,756	3,625	8,136		8,861
2016	173	578	3,823	3,646	8,220		8,949
2017	181	564	4,007	3,653	8,405		9,136
2018	208	578	4,119	3,728	8,633		9,379
2019	241	585	4,137	3,744	8,707		9,456
2020	255	579	4,075	3,798	8,707		9,466

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

Note 2: Beginning in fiscal 2015, changes in ADM weightings as noted below reduced the calculated pupil units.

Note 3: ADM is weighted as follows in computing pupil units:

	ADM Weightings				Elementary 1-3	Elementary 4-6	Secondary
	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten			
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

FORM OF LEGAL OPINION

(See following pages)



Offices in
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St. Cloud

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kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

\$ _____
INDEPENDENT SCHOOL DISTRICT NO. 624
(WHITE BEAR LAKE AREA SCHOOLS)
ANOKA, RAMSEY, AND WASHINGTON COUNTIES, MINNESOTA
GENERAL OBLIGATION ALTERNATIVE FACILITIES REFUNDING BONDS
SERIES 2021B

We have acted as bond counsel to Independent School District No. 624 (White Bear Lake Area Schools), Anoka, Ramsey, and Washington Counties, Minnesota (the “Issuer”), in connection with the issuance by the Issuer of its General Obligation Alternative Facilities Refunding Bonds, Series 2021B (the “Bonds”), originally dated December __, 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 appropriated 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.

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.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

\$ _____
INDEPENDENT SCHOOL DISTRICT NO. 624
(WHITE BEAR LAKE AREA SCHOOLS)
ANOKA, RAMSEY, AND WASHINGTON COUNTIES, MINNESOTA
GENERAL OBLIGATION ALTERNATIVE FACILITIES REFUNDING BONDS
SERIES 2021B

CONTINUING DISCLOSURE CERTIFICATE

December __, 2021

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Independent School District No. 624 (White Bear Lake Area Schools), Anoka, Ramsey, and Washington Counties, Minnesota (the “District”), in connection with the issuance of its General Obligation Alternative Facilities Refunding Bonds, Series 2021B (the “Bonds”), in the original aggregate principal amount of \$ _____. The Bonds are being issued pursuant to a resolution adopted by the School Board of the District (the “Resolution”). The Bonds are being delivered to _____ [as syndicate manager] (the “Purchaser”), on the date hereof. Pursuant to the Resolution, 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 Resolution, 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 Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” 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 Alternative Facilities Refunding 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. 624 (White Bear Lake Area Schools), Anoka, Ramsey, and Washington Counties, 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. Provision of Annual Financial Information and Audited Financial Statements.

(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 Resolution 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 Resolution 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 Resolution 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 Resolution 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 Resolution 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 Resolution 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 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 Resolution 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.

(The remainder of this page is intentionally left blank.)

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. 624
(WHITE BEAR LAKE AREA SCHOOLS), ANOKA,
RAMSEY, AND WASHINGTON COUNTIES,
MINNESOTA**

Board Chair

Clerk

TERMS OF PROPOSAL

**\$8,325,000* GENERAL OBLIGATION ALTERNATIVE FACILITIES REFUNDING BONDS,
SERIES 2021B
INDEPENDENT SCHOOL DISTRICT NO. 624
(WHITE BEAR LAKE AREA SCHOOLS), MINNESOTA**

Proposals for the purchase of \$8,325,000* General Obligation Alternative Facilities Refunding Bonds, Series 2021B (the "Bonds") of Independent School District No. 624 (White Bear Lake Area Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 A.M. Central Time, on November 3, 2021, at which time they will be opened, read and tabulated. On August 9, 2021, the School Board adopted a resolution which authorized designated officials of the District to accept proposals on the Bonds on November 3, 2021. The Board will meet on November 8, 2021 at 5:30 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 authorized pursuant to Minnesota Statutes, Chapter 475, as amended including Section 475.67, subdivision 3, by the District, for the purpose of effecting a current refunding of certain outstanding general obligations of the District. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated December 2, 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:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$4,145,000	2024	\$4,180,000

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. 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

The Bonds are being offered without the option of prior optional redemption.

DELIVERY

On or about December 2, 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 \$8,283,375 plus accrued interest on the principal sum of \$8,325,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 11:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

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

A good faith deposit ("Deposit") in the amount of \$166,500 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) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, 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 (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the 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 (5th) 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. 624
(White Bear Lake Area Schools),
Anoka, Ramsey and Washington Counties, Minnesota

PROPOSAL FORM

The School Board

November 3, 2021

Independent School District No. 624 (White Bear Lake Area Schools), Minnesota (the "District")

RE: \$8,325,000* General Obligation Alternative Facilities Refunding Bonds, Series 2021B (the "Bonds")

DATED: December 2, 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 \$8,283,375) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____	% due	2023	_____	% due	2024
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* 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.

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 \$166,500 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 December 2, 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 December 2, 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. 624 (White Bear Lake Area Schools), Minnesota, on November 3, 2021.

By: _____	By: _____
Title: _____	Title: _____