PRELIMINARY OFFICIAL STATEMENT DATED MAY 5, 2022

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.
The District will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. See "TAX CONSIDERATIONS" herein.

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

INDEPENDENT SCHOOL DISTRICT NO. 833
(SOUTH WASHINGTON COUNTY SCHOOLS), MINNESOTA
(Washington County)

(Minnesota School District Credit Enhancement Program)
$34,370,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2022A

PROPOSAL OPENING: May 19, 2022, 10:00 A.M., C.T. **CONSIDERATION**: May 19, 2022, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $34,370,000* General Obligation Facilities Maintenance Bonds, Series 2022A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 123B.595 (long-term facilities maintenance revenue) by Independent School District No. 833 (South Washington County Schools), Minnesota (the "District") to provide funds for deferred capital maintenance projects as described in the District's revised ten-year facility plan hereby approved by the Commissioner of Education. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: June 9, 2022

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2030	$3,290,000	2033	$4,300,000	2036	$6,400,000
2031	4,385,000	2034	5,500,000		
2032	4,795,000	2035	5,700,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2023 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2031 and thereafter are subject to call for prior optional redemption on February 1, 2030 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: $34,370,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $687,400 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Dorsey & Whitney LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

TABLE OF CONTENTS

SOUTH WASHINGTON COUNTY SCHOOLS
SCHOOL BOARD

		Term Expires
Sharon Van Leer	Board Chair	January 2026
Katie Schwartz	Vice Chair	January 2026
Melinda Dols	Clerk	January 2024
Simi Patnaik	Treasurer	January 2024
Eric Tessmer	Member	January 2026
Louise Hinz	Member	January 2024
Pat Driscoll	Member	January 2026

ADMINISTRATION

Julie Nielsen, Superintendent of Schools

Dan Pyan, Director of Finance and Operations

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, 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. 833 (South Washington County Schools), Minnesota (the "District") and the issuance of its $34,370,000* General Obligation Facilities Maintenance Bonds, Series 2022A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on May 19, 2022.

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 June 9, 2022. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2030 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2031 shall be subject to optional redemption prior to maturity on February 1, 2030 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

AUTHORITY; PURPOSE

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

ESTIMATED SOURCES AND USES*

Sources			
	Par Amount of Bonds	$34,370,000	
	Reoffering Premium	2,041,102	
	Total Sources		**$36,411,102**
Uses			
	Total Underwriter's Discount (1.000%)	$343,700	
	Costs of Issuance	151,000	
	Deposit to Capitalized Interest (CIF) Fund	766,051	
	Deposit to Project Construction Fund	35,150,351	
	Total Uses		**$36,411,102**

*Preliminary, subject to change.

SECURITY

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

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a rating from Moody's Investors Service, Inc. The "Aa2" rating is based on the State of Minnesota's current "Aa2" rating from Moody's Investors Service, Inc. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM" for further details.

The District currently has an "A2" underlying rating from Moody's and will be requesting an underlying rating on this issue. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the 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 March 24, 2022 (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 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, 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 in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The District has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies, brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect to the Bonds through foreign entitites; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax Exempt Interest

In the opinion of Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code; (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The District has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued at a discount from their principal amount (any such Bonds being "Discount Bonds"). The excess of the principal amount payable on Bonds of a given maturity over their issue price constitutes "original issue discount" ("OID"). OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond.

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal and Minnesota tax basis for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, or trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations". Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchaser of the Bonds. The Bonds are not "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds, may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

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 2021 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 bond 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 United States 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	2019/20	2020/21	2021/22
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 $1,880,000 - 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]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,890,000 - 0.50% [2] Over $1,890,000 - 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 $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%	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 $174,000 - .75% Over $174,000 - .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 $100,000 - 1.50% Over $150,000 - 2.00%

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

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

[3] Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2020/21 Economic Market Value[1] $13,986,796,204[2]

	2021/22 Assessor's Estimated Market Value	2021/22 Net Tax Capacity
Real Estate	$13,853,916,700	$147,670,654
Personal Property	74,375,700	1,465,328
Total Valuation	$13,928,292,400	$149,135,982
Less: Captured Tax Increment Tax Capacity[3]		(1,935,791)
Fiscal Disparities Contribution[4]		(9,151,001)
Taxable Net Tax Capacity		$138,049,190
Plus: Fiscal Disparities Distribution[3]		17,604,313
Adjusted Taxable Net Tax Capacity		$155,653,503

1 Most recent value from the Minnesota Department of Revenue.

2 According to the Minnesota Department of Revenue, the 2020/21 Assessor's Estimated Market Value (the "AEMV") for the District is about 94.98% 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 $13,986,796,204.

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

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

2021/22 NET TAX CAPACITY BY CLASSIFICATION

	2021/22 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$100,086,089	67.11%
Agricultural	1,649,813	1.11%
Commercial/industrial	22,630,201	15.17%
Public utility	650,817	0.44%
Railroad operating property	525,364	0.35%
Non-homestead residential	21,985,753	14.74%
Commercial & residential seasonal/rec.	142,617	0.10%
Personal property	1,465,328	0.98%
Total	$149,135,982	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Adjusted Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2017/18	$10,731,853,100	$10,182,595,800	$112,940,972	$118,642,137	7.38%
2018/19	11,524,005,900	10,988,423,900	121,720,294	127,621,132	7.38%
2019/20	12,461,139,100	11,935,959,800	132,113,094	138,622,041	8.13%
2020/21	13,257,193,400	12,730,806,500	141,319,804	147,817,430	6.39%
2021/22	13,928,292,400	13,429,169,200	149,135,982	155,653,503	5.06%

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	2021/22 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Xcel Energy	Utility	$ 1,713,466	1.15%
Grand Forest Owner, LLC	Rental-Non-Homestead	1,212,990	0.81%
Invest Woodbury I SPE, LLC	Rental-Non-Homestead	898,776	0.60%
G&I X Valley Creek, LLC	Rental-Non-Homestead	839,990	0.56%
3M Company	Commercial	807,413	0.54%
Woodbury Village Shopping Center	Commercial	768,313	0.52%
Mars II Inc	Commercial	573,430	0.38%
Allina Health System	Commercial	555,666	0.37%
St. Paul Park Refining Company, LLC	Commercial	512,345	0.34%
MSP/Woodbury Medical, LLC	Commercial	501,904	0.34%
Total		$ 8,384,293	5.62%

District's Total 2021/22 Net Tax Capacity $149,135,982

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)	
Total G.O. debt secured by taxes and state aids [2] (includes the Bonds)*	$305,265,000
Lease Purchase Obligations (see schedule following)	
Total lease purchase obligations paid by annual appropriations[3]	$16,803,178

OTHER OBLIGATIONS

The district is a member of Northeast Metropolitan Intermediate School District No. 916 (Northeast Metro 916), a district authorized by the Minnesota State Legislature to provide participating school districts with vocational, technical, and special education services. Northeast Metro 916 has issued Certificates of Participation dated 05/21/2013, 10/28/2015, and 12/03/2015 with original par amounts of $15,655,000, $21,415,000, and $45,385,000, respectively, to finance the construction of facilities. Payments on the certificates are allocated to the member districts based on a methodology agreed to by the districts. Each member district is eligible to include their share of the payments in their annual property tax levy. The District's share of the total fiscal year 2021-22 payments on all three Certificates of Participation is $904,127 and that amount is included as part of their tax levy for taxes payable in 2022.

*Preliminary, subject to change.

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

2 Based upon the long term facilities maintenance revenue formula, the agricultural land valuation 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.

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 voter approved school building bonds. Bonds and Certificates that are not eligible for the program include all alternative facilities bonds, facilities maintenance bonds, capital facilities bonds, OPEB bonds, building bonds with relatively short maturities, and Certificates of Participation (COPs).

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 Districts to offset a portion of certain bond levies (Minn. Stat. Section 273.1387). The reimbursement percentages are 60% for taxes payable in 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. Although the School 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.

Independent School District No. 833 (South Washington County Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/09/2022)

	Taxable Alt. Facilities Bonds (QZAB) Series 2010B		Taxable Alt Facilities Bonds (QZAB) Series 2010C		Alternative Facilities Bonds Series 2014A		Capital Facilities Bonds Series 2014B		School Building Bonds Series 2016A	
Dated	06/10/2010		06/10/2010		05/20/2014		05/20/2014		03/01/2016	
Amount	$4,365,000		$19,565,000		$14,840,000		$5,670,000		$87,145,000	
Maturity	06/01		06/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2023	0	217,330	0	978,250	0	509,125	590,000	29,875	600,000	3,277,525
2024	0	217,330	7,565,000	978,250	0	509,125	605,000	15,125	2,655,000	3,247,525
2025	0	217,330	7,500,000	600,000	0	509,125			1,915,000	3,114,775
2026	4,220,000	217,330	4,500,000	225,000	655,000	509,125			1,695,000	3,019,025
2027					4,695,000	489,475			1,615,000	2,934,275
2028					9,290,000	325,150			3,025,000	2,869,675
2029									9,160,000	2,748,675
2030									9,640,000	2,382,275
2031									9,855,000	1,996,675
2032									11,175,000	1,602,475
2033									11,440,000	1,211,350
2034									11,660,000	810,950
2035									11,510,000	402,850
2036										
2037										
2038										
	4,220,000	869,320	19,565,000	2,781,500	14,640,000	2,851,125	1,195,000	45,000	85,945,000	29,618,050

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Independent School District No. 833 (South Washington County Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/09/2022)

	School Building Bonds Series 2016B		Facilities Maintenance Bonds Series 2016C		Refunding Bonds Series 2016E		Facilities Maintenance Bonds Series 2018A		School Building Refunding Bonds Series 2018B	
Dated	05/12/2016		05/12/2016		11/09/2016		05/17/2018		11/06/2018	
Amount	$73,460,000		$14,470,000		$33,035,000		$22,580,000		$25,790,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2023	7,310,000	1,842,850	0	510,350	2,835,000	979,750	0	839,188	10,850,000	542,500
2024	8,775,000	1,477,350	0	510,350	6,160,000	894,700	0	839,188		
2025	9,360,000	1,038,600	0	510,350	6,385,000	586,700	0	839,188		
2026	9,345,000	570,600	0	510,350	3,270,000	267,450	0	839,188		
2027	9,675,000	290,250	0	510,350	3,465,000	103,950	0	839,188		
2028			2,000,000	510,350			2,390,000	839,188		
2029			5,625,000	430,350			2,610,000	719,688		
2030			5,845,000	205,350			2,330,000	641,388		
2031			1,000,000	30,000			4,995,000	571,488		
2032							5,135,000	371,688		
2033							5,120,000	204,800		
2034										
2035										
2036										
2037										
2038										
	44,465,000	5,219,650	14,470,000	3,727,800	22,115,000	2,832,550	22,580,000	7,544,175	10,850,000	542,500

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Independent School District No. 833 (South Washington County Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/09/2022)

	Facilities Maintenance Bonds Series 2020A		Alternative Facilities Refunding Bonds Series 2021A		Facilities Maintenance Bonds Series 2022A							
Dated	05/14/2020		11/16/2021		06/09/2022							
Amount	$26,550,000		$4,300,000		$34,370,000*							
Maturity	02/01		02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2023	0	862,100	0	103,917	0	766,051	22,185,000	11,458,810	33,643,810	283,080,000	7.27%	**2023**
2024	0	862,100	0	86,000	0	1,188,700	25,760,000	10,825,743	36,585,743	257,320,000	15.71%	**2024**
2025	0	862,100	0	86,000	0	1,188,700	25,160,000	9,552,868	34,712,868	232,160,000	23.95%	**2025**
2026	0	862,100	0	86,000	0	1,188,700	23,685,000	8,294,868	31,979,868	208,475,000	31.71%	**2026**
2027	0	862,100	4,300,000	86,000	0	1,188,700	23,750,000	7,304,288	31,054,288	184,725,000	39.49%	**2027**
2028	1,575,000	862,100			0	1,188,700	18,280,000	6,595,163	24,875,163	166,445,000	45.48%	**2028**
2029	1,675,000	783,350			0	1,188,700	19,070,000	5,870,763	24,940,763	147,375,000	51.72%	**2029**
2030	1,735,000	716,350			3,290,000	1,188,700	22,840,000	5,134,063	27,974,063	124,535,000	59.20%	**2030**
2031	2,125,000	646,950			4,385,000	1,024,200	22,360,000	4,269,313	26,629,313	102,175,000	66.53%	**2031**
2032	2,370,000	583,200			4,795,000	848,800	23,475,000	3,406,163	26,881,163	78,700,000	74.22%	**2032**
2033	2,260,000	512,100			4,300,000	657,000	23,120,000	2,585,250	25,705,250	55,580,000	81.79%	**2033**
2034	2,975,000	444,300			5,500,000	528,000	20,135,000	1,783,250	21,918,250	35,445,000	88.39%	**2034**
2035	1,925,000	355,050			5,700,000	363,000	19,135,000	1,120,900	20,255,900	16,310,000	94.66%	**2035**
2036	3,250,000	297,300			6,400,000	192,000	9,650,000	489,300	10,139,300	6,660,000	97.82%	**2036**
2037	3,300,000	199,800					3,300,000	199,800	3,499,800	3,360,000	98.90%	**2037**
2038	3,360,000	100,800					3,360,000	100,800	3,460,800	0	100.00%	**2038**
	26,550,000	9,811,800	4,300,000	447,917	34,370,000	12,699,951	305,265,000	78,991,338	384,256,338			

* Preliminary, subject to change.

Independent School District No. 833 (South Washington County Schools), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 06/09/2022)

	Lease 2012 Lease		Lease 2015 Lease		Lease 2016 Lease		Certificates of Participation Series 2016D		Certificates of Participation Series 2017A							
Dated	05/15/2012		04/23/2015		05/12/2016		06/16/2016		06/22/2017							
Amount	$4,100,000		$2,268,000		$3,325,000		$13,200,000		$6,995,000							
Maturity	01/15 & 04/15 & 07/15 & 10/15		04/01 & 10/01		04/01 & 10/01		04/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2023	295,691	43,666	274,165	14,608	435,978	15,914	830,000	362,500	430,000	150,294	2,265,834	586,982	2,852,816	14,537,344	13.48%	**2023**
2024	304,631	34,725	282,423	6,349	445,006	6,887	870,000	321,000	445,000	137,394	2,347,061	506,355	2,853,416	12,190,284	27.45%	**2024**
2025	313,843	25,514					905,000	286,200	455,000	124,044	1,673,843	435,758	2,109,601	10,516,441	37.41%	**2025**
2026	323,332	16,025					940,000	250,000	470,000	110,394	1,733,332	376,418	2,109,751	8,783,109	47.73%	**2026**
2027	333,109	6,248					980,000	212,400	485,000	96,294	1,798,109	314,942	2,113,051	6,985,000	58.43%	**2027**
2028							1,020,000	173,200	500,000	81,744	1,520,000	254,944	1,774,944	5,465,000	67.48%	**2028**
2029							1,060,000	132,400	515,000	66,744	1,575,000	199,144	1,774,144	3,890,000	76.85%	**2029**
2030							1,105,000	90,000	530,000	51,294	1,635,000	141,294	1,776,294	2,255,000	86.58%	**2030**
2031							1,145,000	45,800	545,000	35,394	1,690,000	81,194	1,771,194	565,000	96.64%	**2031**
2032									565,000	18,363	565,000	18,363	583,363	0	100.00%	**2032**
	1,570,606	126,179	556,588	20,957	880,984	22,802	8,855,000	1,873,500	4,940,000	871,956	16,803,178	2,915,394	19,718,572			

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of its estimated market value 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	$13,986,796,204
Multiply by 15%	0.15
Statutory Debt Limit	$2,098,019,431
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(305,265,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	(16,803,178)
Unused Debt Limit*	$1,775,951,253

*Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2021/22 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
County of				
Washington	$381,159,791	40.8368%	$101,020,000	$41,253,335
Cities of				
Afton	7,887,666	5.2374%	3,765,000	197,188
Cottage Grove	48,826,568	98.7371%	37,190,000	36,720,327
Newport	5,850,463	100.0000%	13,220,000	13,220,000
St. Paul Park	6,171,403	100.0000%	3,105,000	3,105,000
Woodbury	127,581,605	73.5659%	50,855,000	37,411,938
Special Districts of				
Metropolitan Council	5,197,211,231	2.9949%	166,860,000[3]	4,997,290
Ramsey-Washington Metro Watershed	46,974,408	53.4010%	3,149,000	1,681,597
South Washington Watershed	173,267,943	75.2465%	2,445,000	1,839,777
Valley Branch Watershed	61,467,036	0.3101%	6,925,000	21,474
District's Share of Total Overlapping Debt				$140,447,928

DEBT PAYMENT HISTORY

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

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

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

[3] 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 $13,986,796,204	Debt/ Current Population Estimate 107,926
Direct G.O. Debt Secured By Taxes and State Aids* (includes the Bonds)	$305,265,000	2.18%	$2,828.47
District's Share of Total Overlapping Debt	$140,447,928	1.00%	$1,301.34
Total*	$445,712,928	3.19%	$4,129.80

*Preliminary, subject to change.

FUTURE FINANCING

The District is holding a special election on August 9, 2022, and if authorized by voters on that date, the District plans to issue approximately $250,000,000 General Obligation School Building Bonds in the next 12 months.

LEVY LIMITS

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

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

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date[2]	% Collected
2017/18	$82,128,416	$81,757,208	$82,104,702	99.97%
2018/19	88,457,137	88,132,970	88,413,418	99.95%
2019/20	91,918,314	91,557,555	91,840,698	99.92%
2020/21	96,003,914	95,595,775	95,595,775	99.57%
2021/22	103,403,776	In process of collection		

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

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

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

2 Collections are through December 31, 2021.

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

TAX CAPACITY RATES[1]

	2017/18	2018/19	2019/20	2020/21	2021/22
I.S.D. No. 833 (South Washington County Schools)	33.303%	34.926%	33.904%	34.181%	33.739%
Washington County w/ Library	29.983%	29.682%	28.944%	27.435%	27.532%
City of Afton	32.255%	32.983%	30.795%	32.025%	32.007%
City of Cottage Grove	40.583%	38.958%	39.182%	37.351%	37.251%
City of Newport	58.736%	57.383%	54.335%	54.007%	55.852%
City of St. Paul Park	42.591%	43.475%	38.688%	39.112%	39.726%
City of Woodbury	33.670%	33.177%	32.489%	32.298%	32.217%
Town of Denmark[2]	11.063%	13.600%	15.919%	15.892%	12.650%
Metropolitan Council	0.816%	0.651%	0.584%	0.628%	0.630%
Metropolitan Mosquito	0.440%	0.424%	0.390%	0.379%	0.361%
Metropolitan Transit District	1.226%	1.322%	1.243%	1.139%	1.056%
Ramsey-Washington Metro Watershed	3.878%	3.557%	3.289%	3.212%	2.918%
Regional Rail Authority	0.224%	0.175%	0.165%	0.157%	0.149%
South Washington Watershed	0.819%	0.808%	0.766%	0.742%	0.718%
Valley Branch Watershed	2.323%	3.980%	3.425%	4.074%	3.747%
Washington County CDA	1.469%	1.423%	1.356%	1.289%	1.287%
Woodbury HRA	0.255%	0.237%	0.218%	0.207%	0.195%
Referendum Market Value Rates:					
I.S.D. No. 833 (South Washington County Schools)	0.37066%	0.34919%	0.32620%	0.31580%	0.33683%
Washington County	0.00353%	0.00330%	0.00342%	0.00325%	0.00308%
City of Woodbury	0.01112%	0.00664%	0.00615%	0.00584%	0.00551%

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

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

2 Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 2,540, including 1,033 non-licensed employees and 1,507 licensed employees (1,446 of whom are teachers). The District provides education for 18,243 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
Principals	June 30, 2023
Clerical (Office Professionals)	June 30, 2023
Maintenance	June 30, 2022
Paraprofessionals	June 30, 2022
Food Service	June 30, 2022
Transportation	June 30, 2023
Mechanics	June 30, 2022
Kids Club Supervisors	June 30, 2022
District Office Support Service (DOSS)	June 30, 2022
Teachers	June 30, 2023
Preschool Teachers	June 30, 2023

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 $20,913,537 as of June 30, 2021. The District has created an irrevocable OPEB Trust to finance future severance, pension and OPEB costs. The trust value as of June 30, 2021 was $3,903,112.

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	1,348	8,515	8,263	18,126
2018/19	1,325	8,376	8,533	18,234
2019/20	1,382	8,451	8,605	18,438
2020/21	1,225	8,206	8,786	18,217
2021/22	1,310	8,250	8,683	18,243

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2022/23	1,305	8,385	8,646	18,336
2023/24	1,330	8,541	8,687	18,558
2024/25	1,366	8,684	8,667	18,717

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Armstrong Elementary	1969	1987, 2001
Cottage Grove Elementary	2002	--
Crestview Elementary	1963	1970, 1990, 1999, 2001
Gordon Bailey Elementary	1991	1992, 2000, 2015
Grey Cloud Elementary	1991	1992, 2001, 2009, 2015
Hillside Elementary	1963	1970, 1990, 2001
Liberty Ridge Elementary	2003	2013
Middleton Elementary	1991	1992, 1999, 2015
Nuevas Fronteras Spanish Immersion Elementary School	1951	1960, 1965, 1973, 1974, 1995, 2002, 2018
Newport Elementary	1955	1970, 1990
Pine Hill Elementary	1960	1967, 1970, 2001
Pullman Elementary	1960	1970, 2002
Red Rock Elementary	2002	--
Royal Oaks Elementary	1966	1970, 1990, 2001
Valley Crossing Elementary School	1996	--
Woodbury Elementary	1960	1963, 1970, 1989, 1990, 2002
Cottage Grove Middle School	1995	2004, 2009
Lake Middle School	1995	2000
Oltman Middle School	2018	
Woodbury Middle School	1969	1989, 2002
East Ridge High	2009	--
Park Senior High	1974	1994, 2002, 2003
Woodbury Senior High	1974	2002, 2003

FUNDS ON HAND (as of February 28, 2022)

Fund	Total Cash and Investments
General	$22,859,506
Food Service	1,495,955
Community Service	1,160,369
Debt Service	3,823,704
Building/Construction	7,929,072
Trust & Agency	3,814,628
Internal Service	3,916,362
Total Funds on Hand	$44,999,596

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 2021 audited financial statements.

	FISCAL YEAR ENDING JUNE 30				
COMBINED STATEMENT	**2018 Audited**	**2019 Audited**	**2020 Audited**	**2021 Audited**	**2021/22 Revised Budget 1)**
Revenues					
Local property tax levies	$43,744,538	$54,572,615	$58,331,931	$63,074,915	$65,155,444
Other local and county revenues	4,683,744	4,825,491	3,944,781	3,279,065	2,916,112
Revenues from state sources	173,609,738	179,509,804	182,356,521	186,783,809	191,390,560
Revenues from federal sources	4,430,240	4,198,284	5,181,480	10,494,910	9,970,946
Investment earnings	0	0	684,578	20,709	30,200
Total Revenues	$226,468,260	$243,106,194	$250,499,291	$263,653,408	$269,463,262
Expenditures					
Current:					
Administration	$8,391,487	$8,871,322	$9,111,780	$9,319,638	$9,826,154
District support services	6,104,486	7,250,605	8,615,747	10,085,897	8,242,922
Elementary & secondary regular instruction	108,625,608	112,913,156	114,653,882	116,965,391	120,426,545
Vocational education instruction	2,278,393	2,230,094	2,293,993	2,136,507	2,270,705
Exceptional instruction	41,742,679	42,977,635	45,976,533	48,244,767	51,817,045
Instructional support services	10,573,054	10,871,937	11,519,455	13,406,693	12,431,395
Pupil support services	21,729,157	23,155,824	25,621,566	25,984,163	27,719,902
Sites, buildings and equipment	22,792,237	22,303,436	26,701,248	32,788,834	29,785,813
Fiscal and other fixed cost programs	494,905	528,945	296,593	498,953	538,000
Community service	67,671	283,502	215,746	256,754	231,560
Debt Service	4,203,585	4,222,350	4,744,930	4,385,988	5,886,917
Total Expenditures	$227,003,262	$235,608,806	$249,751,473	$264,073,585	$269,176,958
Excess of revenues over (under) expenditures	($535,002)	$7,497,388	$747,818	($420,177)	$286,304
Other Financing Sources (Uses)					
Operating transfers out	(354,611)	0	(3,891,647)	(500,000)	0
Capital leases issued	0	0	2,418,602	2,690,965	500,000
Issuance of debt	1,884,165	0	0	0	0
Proceeds from sale of assets	0	58,979	180,897	80,992	18,494
Total Other Financing Sources (Uses)	$1,529,554	$58,979	($1,292,148)	$2,271,957	$518,494
Net changes in Fund Balances	$994,552	$7,556,367	($544,330)	$1,851,780	$804,798
General Fund Balance July 1	$7,417,697	$8,412,249	$15,968,616	$16,013,237	
Prior Period Adjustment	0	0	588,951	0	
General Fund Balance June 30	$8,412,249	$15,968,616	$16,013,237	$17,865,017	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$1,396,426	$1,952,300	$1,791,502	$4,015,380	
Restricted	6,340,938	7,209,146	4,122,621	3,789,194	
Committed	2,698,868	2,384,590	2,557,546	2,379,759	
Assigned 2)	0	1,147,687	6,819,346	0	
Unassigned	(2,023,983)	3,274,893	722,222	7,680,684	
Total	$8,412,249	$15,968,616	$16,013,237	$17,865,017	

Note) In an election held on November 2, 2021, District Voters approved an increase in operating referendum authority of $350 per pupil for ten years, which will result in an annual increase in general fund revenue of approximately $7 million beginning with fiscal year 2022-23

1) The 2021-22 revised budget was adopted on April 21, 2022.

2) The 2018-19 and 2019-20 audited assigned fund balance amounts of $1,147,687 and $6,819,346 represented the deficits in the adopted budgets for the subsequent years (2019-20 and 2020-21).

GENERAL INFORMATION

LOCATION

The District, with a 2010 U.S. Census population of 93,273 and a 2020 U.S. Census population of 102,989, and comprising an area of 85 square miles, is located approximately 10 miles southeast of the City of St. Paul.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 833 (South Washington County Schools)	Elementary and secondary education	2,540
Renewal By Anderson	Replacement windows and doors	1,500
Woodwinds Health East Campus	Hospital, clinic and outpatient services	1,331 [2]
Bailey Nurseries, Inc.	Wholesale landscaping distributor	800
3M - Cottage Grove	Chemolite plant	720 [3]
Hy-Vee	Grocery store	700
Woodbury Senior Living	Nursing home and senior living facility	450
Marathon Petroleum	Oil refiners	400
Walmart Supercenter	Retail store	335
Up North Plastics, Inc.	Plastics-fabricating manufactures	300
Ecowater Systems, LLC	Residential water treatment systems	142 [4]

Source: *Data Axle Reference Solutions*, *written and telephone survey (March 2022), and the Minnesota Department of Employment and Economic Development.*

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1 This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors- Impact of the Spread of COVID-19").

2 Employee count is from the last survey response in March 2020.

3 Employee count is from the last survey response in March 2020.

4 Employee count is for the Woodbury location.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	93,273
2020 U.S. Census population	107,926
Percent of Change 2010 - 2020	15.71%

Income and Age Statistics

	The District	Washington County	State of Minnesota	United States
2020 per capita income	$45,291	$46,842	$38,881	$35,384
2020 median household income	$102,686	$97,584	$73,382	$64,994
2020 median family income	$118,712	$115,728	$92,692	$80,069
2020 median gross rent	$1,441	$1,329	$1,010	$1,096
2020 median value owner occupied units	$291,500	$301,000	$235,700	$229,800
2020 median age	37.2 yrs.	39.5 yrs.	38.1 yrs.	38.2 yrs.

	State of Minnesota	United States
District % of 2020 per capita income	116.49%	128.00%
District % of 2020 median family income	128.07%	148.26%

Source: *2010 and 2020 Census of Population and Housing, and 2020 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (https://data.census.gov/cedsci).*

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	Washington County	Washington County	State of Minnesota
2018	138,416	2.5%	3.0%
2019	139,544	2.9%	3.2%
2020	134,276	5.3%	6.2%
2021	136,188	3.1%	3.4%
2022, March	142,558	2.2%	2.8%

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

APPENDIX A

FINANCIAL STATEMENTS

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

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

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2021

South Washington County Schools
Independent School District No. 833

Cottage Grove, Minnesota

COTTAGE GROVE | NEWPORT | ST. PAUL PARK | WOODBURY | AFTON | DENMARK | GREY CLOUD ISLAND

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INDEPENDENT SCHOOL DISTRICT NO. 833

Table of Contents

Table of Contents (continued)

Table of Contents (continued)

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Section I

Introductory

COTTAGE GROVE | NEWPORT | ST. PAUL PARK | WOODBURY | AFTON | DENMARK | GREY CLOUD ISLAND

SOUTH WASHINGTON COUNTY SCHOOLS
Independent School District 833
7362 East Point Douglas Rd S.
Cottage Grove, MN 55016
sowashco.org | 651-425-6300

December 30, 2021

To the School Board, Citizens, and Employees of South Washington County Schools:

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) for Independent School District No. 833 (the District) is hereby submitted for the fiscal year ended June 30, 2021. The District's management assumes full responsibility for the completeness and accuracy of the information contained in this report. The report was prepared in accordance with accounting principles generally accepted in the United States of America. An independent firm of certified public accountants audits this report.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., Certified Public Accountants, have issued an unmodified ("clean") opinion on the District's basic financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

REPORT FORMAT

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, an organizational chart, a list of School Board members and administration personnel, the Certificate of Excellence in Financial Reporting award, and a map of the District. The financial section includes the Independent Auditor's Report, management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and supplemental information, which includes the combining and individual fund statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

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 the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

REPORTING ENTITY AND ITS SERVICES

The financial reporting entity includes all funds of the District (primary government). Component units are legally separate entities for which the District is financially accountable. There are no organizations considered to be component units of the District.

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

In 1843, classes were held in a log cabin located in Cottage Grove, Minnesota. One hundred five years later, the District was officially named Independent School District No. 833. The District is located in Washington County and serves the cities of Cottage Grove, Newport, St. Paul Park, and portions of Woodbury, Afton, Denmark Township, and Grey Cloud Island. It encompasses 85 square miles, with a resident population of 107,984.

During the 2020–2021 school year, the District operated 26 buildings, including 3 high schools, 4 middle schools, 16 elementary schools, an alternative learning center/district program center, a district service center, and a transportation building. The average age of the District's buildings is approximately 35 years. Enrollment has climbed steadily over the previous 10 years and the District served 18,497 students for the 2020–2021 school year. The District is projecting an increase of about 200 students in the 2021–2022 school year.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The District's population has grown from 77,263 in 2000 to about 107,984 in 2021, a 39.8 percent increase. In that same time period, the District's enrollment has grown from 15,134 in 2000 to 18,497, a 22.2 percent increase. According to the Metropolitan Council, the District can expect continuous growth through the year 2035.

The District currently holds an A2 bond rating. This rating is a sign that the tax base is favorably located within the Minneapolis – St. Paul Metropolitan Area, the District has a stable labor market and above average resident income levels, and alternate liquidity is available in the Internal Service Fund.

The District's economic indicators continue to be ahead of state and national averages. As stated above, the District continues to see population growth, primarily in the northeast portion of the District's boundaries. The growth in population and corresponding increase in construction, has contributed to increases in property values for the past eight years, and subsequent increases are anticipated.

According to data from the U.S. Census Bureau, the median household income in 2020 in Washington County was $100,596, as compared to $74,593 for the state of Minnesota, and $67,521 for the United States.

According to the Bureau of Labor Statistics, the unemployment rate for Washington County continues to be lower than state and national rates. In June 2021, the unemployment rate for Washington County was 3.9 percent, as compared to 4.4 percent for the state of Minnesota and 5.9 percent for the United States.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

With the exception of voter-approved operating referendum, the District is dependent on the state of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue has not been sufficient to meet instructional program needs and increased costs due to inflation. The District will continue to monitor its operations to ensure that revenues are sufficient to meet expenditures and to maintain a reasonable amount in reserve to cover any unforeseen expenditures.

The District currently receives $2,610 per pupil through voter-approved operating referenda and local optional revenue. In a recent election on November 2, 2021, voters in the school district approved revoking all existing referendum authorities and replacing those authorities with an additional $350 per pupil. The new authority includes increases each year for inflation and will provide about $37 million per year for 10 years in addition to local optional revenues of about $15 million per year.

A long-term facilities committee was convened in 2013 and in June 2014 a recommendation was made to the School Board, which featured over $120 million in new school buildings and improvements. In November 2015, voters approved a $96.5 million bond to build a new middle school, and improve Cottage Grove Middle School, Woodbury Middle School, and Lake Middle School, and convert Oltman Middle School to be used as Nuevas Fronteras Elementary School. The new Oltman Middle School opened in the 2018–2019 school year.

With the anticipated growth from new housing in the District, a new Long-Range Facilities Task Force is examining school building needs and will present a new Long Range-Facilities Plan to the School Board early in 2022.

Beginning in February 2016, a Strategic Plan Steering Committee met to begin a redesign of the District's expiring strategic plan. Since that time, the steering committee gathered input from hundreds of stakeholders, developed a drafted plan, and presented a final document to the School Board for approval.

The plan, "Together we are SoWashCo," considered the thoughts of a larger Strategic Planning Team, inclusive of parents, students, teachers, support staff, School Board, and district administration. While the mission remains the same for the District, being "committed to igniting a passion for lifelong learning," a refined focus will be on the enhancement of personalization for students, and climate and culture for both students and staff. Core values selected for the coming years are collaboration, continuous improvement, equity, integrity, and relationships.

The plan includes the mission, core values, and strategic objectives, with priority statements developed for the focus areas of personalization, climate and culture for students, and climate and culture for staff by action planning teams.

FINANCIAL AND BUDGETARY CONTROL

The management of the District is responsible for establishing and maintaining internal controls 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 and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is 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.

The budget process includes estimates of revenues and expenditures based upon agreed assumptions. The staff allocation formulas are determined based on need and available resources to accomplish the District's goals. The budget is adopted in June of each year and revised twice during the fiscal year of its implementation.

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.

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. These policies have ensured the financial stability of the District as well as provided guidance for current and future financial decisions.

The District has a number of financial policies that align with state statutes. In addition, the District has gone above and beyond the required policies to include additional policies that establish controls and procedures that are vital to the oversight of district finances.

Two of these policies include:

> The District's Investment Policy follows state statutes in determining what investments are allowed to be held by the District. The policy includes language about diversification levels that go beyond state statutes. This diversification language makes certain that district investments are protected, while still earning a competitive rate of return.
>
> The District's Post-Issuance Debt Compliance Policy creates procedures that ensure the District follows Internal Revenue Service guidelines and regulations in the recordkeeping of these transactions. This policy also establishes controls to verify that expenditures related to these funds are in accordance with related debt agreements, adding protection to the residents' investment in district assets.

One of the District's most important finance policies is the District's Fund Balance Policy. This policy not only ensures the District maintains sufficient funds, but assists in important financial decisions. The District's Fund Balance Policy currently states:

> "To ensure the financial strength and stability of the District, the School Board will endeavor to maintain an unrestricted fund balance as of June 30th each year of 5–9 percent of the District's General Fund unrestricted operating expenditure budget."

This policy is attached to all current budget information and future budget projections and guides decision-making by the School Board.

CERTIFICATE OF EXCELLENCE

This report will be submitted to the Association of School Business Officials (ASBO) International for consideration for the Certificate of Excellence in Financial Reporting.

In 2020–2021, the District received the Certificate of Excellence in Financial Reporting from ASBO International for excellence in the preparation and issuance of the District's ACFR for 2020. It was the 15th consecutive year the District has received the award.

The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the Certificate of Excellence Program.

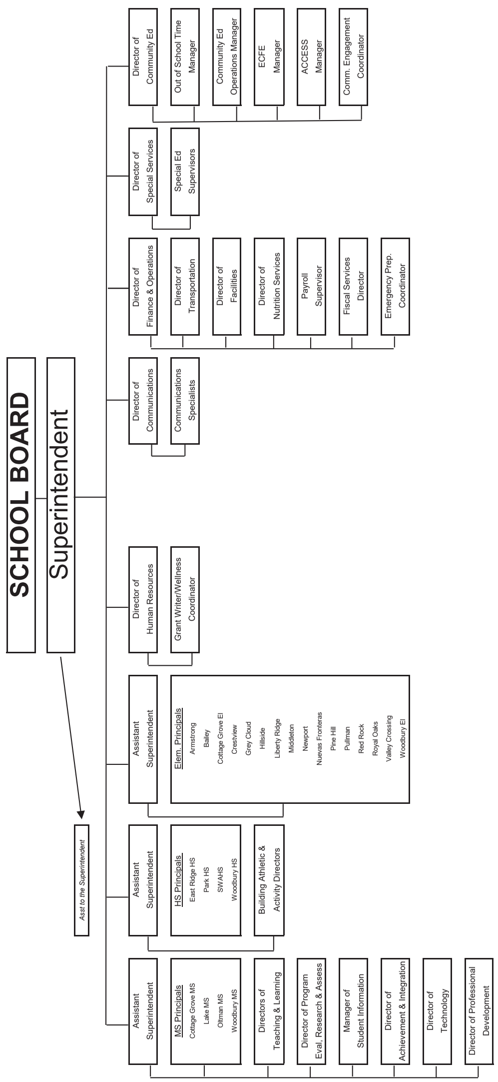
ACKNOWLEDGEMENTS

The preparation of an ACFR requires a significant amount of work on the part of a number of departments. Appreciation is extended to the many departments who contributed their time and expertise to this process.

Sincerely,

Dan Pyan, Director of Finance and Operations

DISTRICT 833 - CENTRAL OFFICE REPORTING RELATIONSHIPS



INDEPENDENT SCHOOL DISTRICT NO. 833

School Board and Administration
Year Ended June 30, 2021

SCHOOL BOARD

	Position
Tracy Brunnette	Chairperson
Kathleen Schwartz	Vice Chairperson
Patricia Driscoll	Treasurer
Sharon Van Leer	Clerk
Melinda Dols	Director
Louise Hinz	Director
Simi Patnaik	Director

ADMINISTRATION

Julie Nielsen	Superintendent
Tyrone Brookins	Assistant Superintendent
Kelly Jansen	Assistant Superintendent
Kristine Schaefer	Assistant Superintendent
Pepe Barton	Director of Communications
Robert Berkowitz	Director of Technology
Anna Braun	Director of Special Services
Tia Clasen	Director of Teaching and Learning Services – Secondary
Wayne Felton	Director of Achievement and Integration
Robert Lawrence	Director of Community Education
John Lindner	Director of Program Evaluation, Research and Assessment
Chuck Paulson	Director of Teaching and Learning Services – Elementary
Wendy Peterson	Director of Nutrition Services
Dan Pyan	Director of Finance and Operations
Kyle Uecker	Director of Facilities
Kevin Witherspoon	Director of Human Resources
Kris Blackburn	Fiscal Services Director
Dayna Pottratz	Executive Assistant – Superintendent

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Independent School District 833 - South Washington County Schools

for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

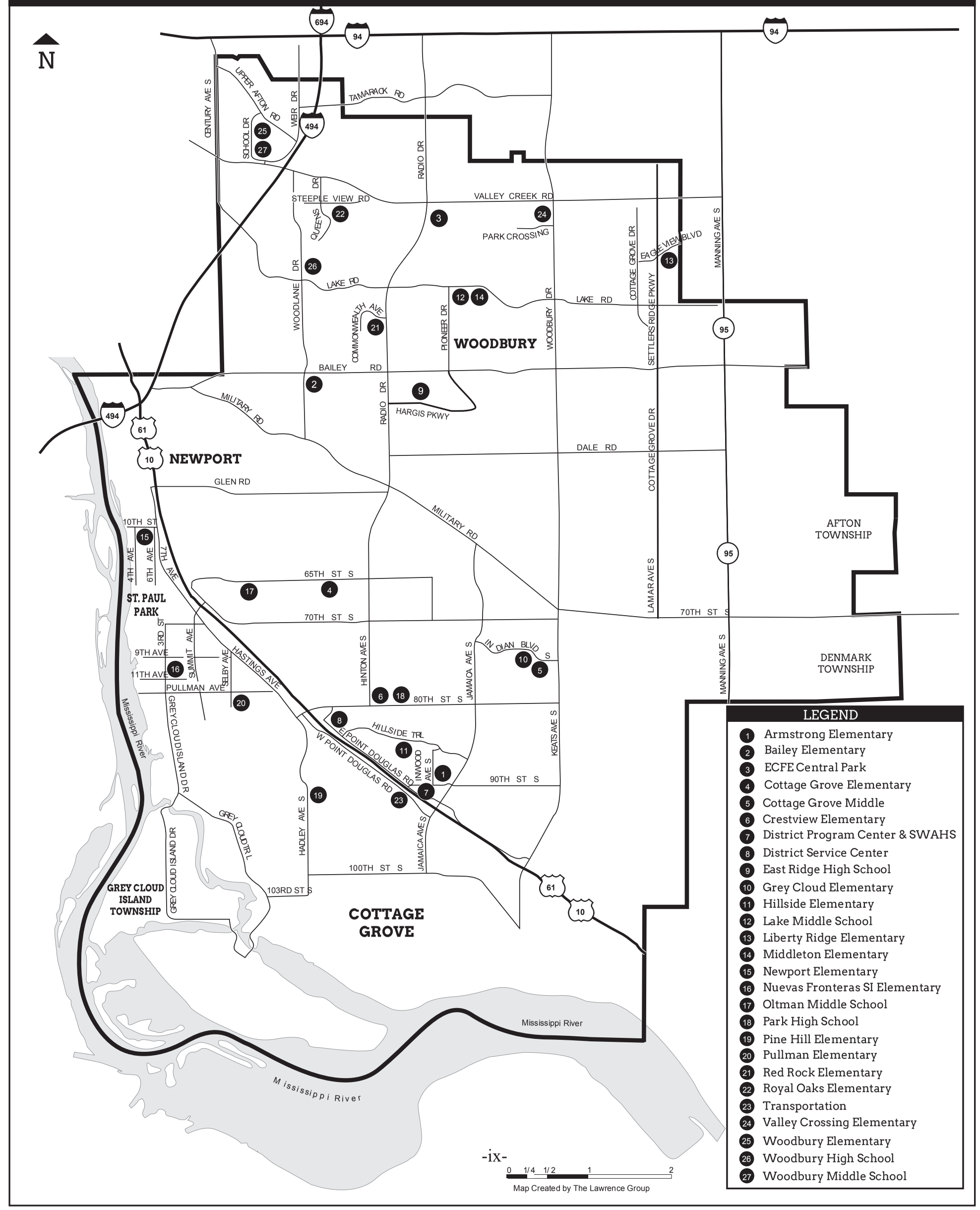
The district report meets the criteria established for ASBO International's Certificate of Excellence.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

W. Edward Chabal
President

David J. Lewis
Executive Director

South Washington County Schools



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Section II

Financial

COTTAGE GROVE | NEWPORT | ST. PAUL PARK | WOODBURY | AFTON | DENMARK | GREY CLOUD ISLAND

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 833
Cottage Grove, 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. 833 (the District) as of and for the year ended June 30, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

(continued)

Prior Year Comparative Information

We have previously audited the District's 2020 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 December 23, 2020. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2020 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 30, 2021 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 30, 2021

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This section of Independent School District No. 833's (the District) Annual Comprehensive Financial Report (ACFR) presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the other components of the District's ACFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2021 by $75,838,376 (net position deficit). The District's total net position increased by $4,694,305 during the fiscal year ended June 30, 2021.
- Government-wide revenues totaled $310,599,338 and were $4,694,305 more than expenses of $305,905,033.
- The General Fund's total fund balance (under the governmental fund presentation) increased $1,851,780 from the prior year, compared to a decrease of $3,591,575 planned in the final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District maintains the following kinds of funds:

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

Proprietary Funds – The District maintains one type of proprietary fund. 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 various post-employment benefit activities. These services have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary Statement of Net Position
as of June 30, 2021 and 2020

	2021	2020
Assets		
Current and other assets	$ 162,088,487	$ 171,301,269
Capital assets, net of depreciation	464,832,947	466,160,689
Total assets	$ 626,921,434	$ 637,461,958
Deferred outflows of resources		
Pension plan deferments	$ 86,859,959	$ 138,222,272
OPEB plan deferments	344,297	233,842
Total deferred outflows of resources	$ 87,204,256	$ 138,456,114
Liabilities		
Current and other liabilities	$ 25,995,031	$ 33,530,731
Long-term liabilities, including due within one year	537,318,961	539,551,794
Total liabilities	$ 563,313,992	$ 573,082,525
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 92,374,393	$ 88,708,975
Pension plan deferments	133,435,079	194,319,727
OPEB plan deferments	840,602	339,526
Total deferred inflows of resources	$ 226,650,074	$ 283,368,228
Net position		
Net investment in capital assets	$ 147,166,352	$ 132,577,651
Restricted	9,195,650	9,414,319
Unrestricted	(232,200,378)	(222,524,651)
Total net position	$ (75,838,376)	$ (80,532,681)

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. Another major factor in determining net position as compared to fund balances are the liabilities for long-term severance, compensated absences, pension, and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

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

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

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2021 and 2020

	2021	2020
Revenues		
Program revenues		
Charges for services	$ 6,489,526	$ 15,094,291
Operating grants and contributions	63,951,797	59,338,676
General revenues		
Property taxes	93,005,410	88,831,718
General grants and aids	144,954,814	136,490,880
Other	2,197,791	3,398,338
Total revenues	310,599,338	303,153,903
Expenses		
Administration	9,747,835	9,883,818
District support services	10,219,913	9,395,684
Elementary and secondary regular instruction	125,296,178	125,366,665
Vocational education instruction	2,223,916	2,408,899
Special education instruction	50,704,044	49,287,686
Instructional support services	14,077,898	12,418,831
Pupil support services	24,694,288	26,083,455
Sites and buildings	33,719,382	28,701,498
Fiscal and other fixed cost programs	498,953	296,593
Food service	6,064,857	8,287,370
Community service	10,777,411	14,692,539
Depreciation not included in other functions	8,223,007	8,417,009
Interest and fiscal charges	9,657,351	9,416,042
Total expenses	305,905,033	304,656,089
Change in net position	4,694,305	(1,502,186)
Net position – beginning	(80,532,681)	(79,030,495)
Net position – ending	$ (75,838,376)	$ (80,532,681)

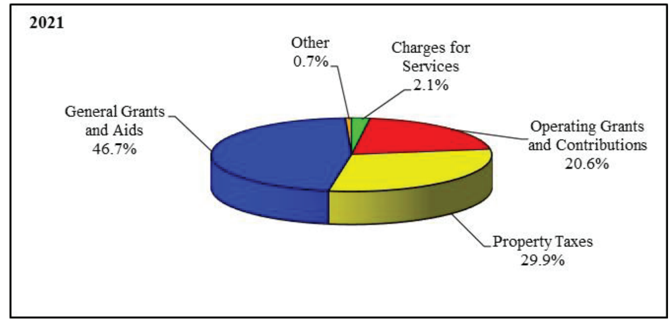
This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal. The COVID-19 pandemic impacted financial activity in several areas in the current year.

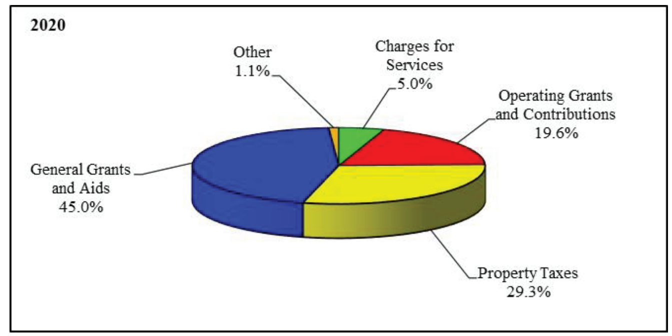
Governmental activities revenues increased $7,445,435 (2.5 percent) from the previous year, primarily attributed to increases in revenues from federal sources recognized through new pandemic-related grants, increased property tax levy, and improvements in special education funding. These increases were partially offset by less charges for services and other local sources, due to the impact of COVID-19.

Governmental activities expenses were $1,248,944 (0.4 percent) more than last year, mainly due to an increase in contractually approved salary and benefits in the current year. Expenses also changed to adapt to new distance and hybrid learning models impacting several program areas.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2021 and 2020





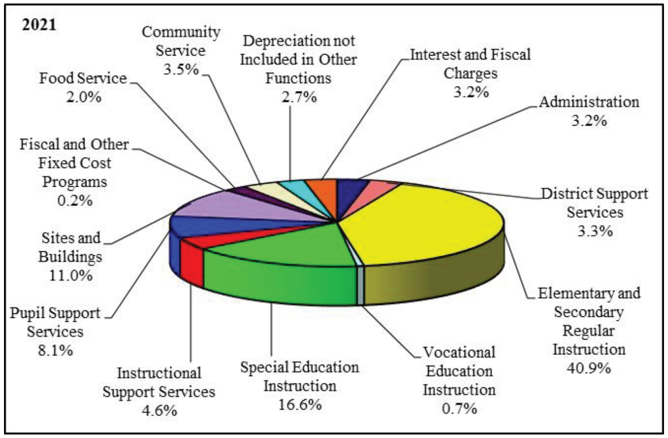
The largest share of the District's revenue is received from the state, including the basic general education aid formula and most of the operating grants.

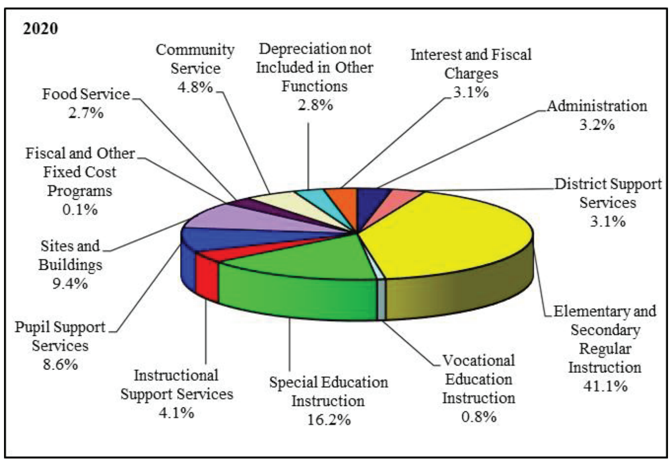
Property taxes are the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of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

The COVID-19 pandemic impacted current year revenue sources compared to the prior year, as mentioned on the previous page.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2021 and 2020





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.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3
Governmental Fund Balances
as of June 30, 2021 and 2020

	2021	2020	Change
Major funds			
General	$ 17,865,017	$ 16,013,237	$ 1,851,780
Capital Projects –			
Building Construction	18,777,990	25,340,612	(6,562,622)
Debt Service	5,912,705	6,459,461	(546,756)
Nonmajor funds			
Food Service Special Revenue	1,073,800	811,627	262,173
Community Service Special Revenue	158,291	337,949	(179,658)
Total governmental funds	$ 43,787,803	$ 48,962,886	$ (5,175,083)

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

At June 30, 2021, the District's governmental funds reported combined fund balances of $43,787,803, a decrease of $5,175,083 in comparison with the prior year. Of this amount, $5,494,287 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is: 1) not in spendable form ($4,348,711), 2) restricted for particular purposes ($31,565,046), or 3) committed for particular purposes ($2,379,759).

Changes in the table above are discussed on the following pages.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenues	$ 259,113,384	$ 262,905,229	$ 3,791,845	1.5%
Expenditures	$ 266,947,730	$ 268,108,004	$ 1,160,274	0.4%
Other financing sources	$ 1,015,000	$ 1,611,200	$ 596,200	58.7%

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

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2021 Actual	Amount	Percent	Amount	Percent
Revenue	$ 263,653,408	$ 748,179	0.3 %	$ 13,154,117	5.3 %
Expenditures	264,073,585	(4,034,419)	(1.5) %	14,322,112	5.7 %
Excess (deficiency) of revenue over expenditures	(420,177)	4,782,598		(1,167,995)	
Total other financing sources (uses)	2,271,957	660,757		3,564,105	
Net change in fund balances	$ 1,851,780	$ 5,443,355		$ 2,396,110	

The fund balance of the General Fund increased $1,851,780, compared to a budget reduction of $3,591,575 approved in the final budget.

General Fund revenues for 2021 increased $13,154,117, or 5.3 percent, compared to the prior year and were $748,179, or 0.3 percent, over budget. Increases in property taxes, state sources, and federal sources contributed to the change from the prior year, consistent with the earlier discussion on the government-wide financial statements. Revenues were slightly over budget as noted in the previous table. Conservative budgeting for property taxes, federal sources, and other local fees and charges contributed to this favorable variance.

Total General Fund expenditures for 2021 were $14,322,112, or 5.7 percent, more than the prior year. The increases in expenditures are consistent with inflationary and staffing increases, as planned in the budget. The District also had more spending for technology purchases to support distance and hybrid learning models. Expenditures were close to budget in total, with less spending for salaries and employee benefits, purchased services, and supplies and materials than projected in the final budget.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund expenditures surpassed revenues, decreasing fund balance by $6,562,622 for the current year. The District has $18,777,990 in resources remaining in this fund, as of June 30, 2021, for future capital projects.

Debt Service Fund

The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The Debt Service Fund expenditures exceeded revenues by $546,756 in the current year. The year-end fund balance of $5,912,705 at June 30, 2021 is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by $262,173, compared to a projected fund balance reduction of $192,457.

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues and other financing sources, decreasing equity by $179,658, compared to a projected fund balance increase of $249,864.

Internal Service Funds

The internal service funds are used to account for, and monitor, certain post-employment benefits provided to eligible employees of the District on a cost-reimbursement basis. Additional details, related to the District's liabilities for severance and pension benefits, are included in the notes to basic financial statements and as required supplementary information.

The net position balance for all internal service funds, as of June 30, 2021 was $151,152, which represents a decrease of $301,668 from current year operating results.

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, 2021 and 2020.

Table 6
Capital Assets

	2021	2020	Change
Land	$ 14,846,429	$ 14,846,429	$ –
Construction in progress	2,821,834	7,968,653	(5,146,819)
Land improvements	24,119,876	19,514,989	4,604,887
Buildings	573,719,748	564,102,606	9,617,142
Machinery and equipment	20,345,917	18,544,699	1,801,218
Licensed vehicles	14,815,131	13,870,302	944,829
Less accumulated depreciation	(185,835,988)	(172,686,989)	(13,148,999)
Total	$ 464,832,947	$ 466,160,689	$ (1,327,742)
Depreciation expense	$ 13,259,660	$ 10,565,954	$ 2,693,706

By the end of 2021, 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 2021, consistent with the activity of the long-term facilities maintenance program in the General Fund and activity of the Capital Projects – Building Construction Fund, discussed on the previous page.

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

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

Long-Term Liabilities

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

Table 7
Outstanding Long-Term Liabilities

	2021	2020	Change
General obligation bonds	$ 291,600,000	$ 310,405,000	$ (18,805,000)
Certificates of participation	15,005,000	16,165,000	(1,160,000)
Unamortized premium/discount	22,049,294	25,205,332	(3,156,038)
Capital leases	8,503,021	8,204,415	298,606
Net pension liability – PERA and TRA	177,204,809	157,022,982	20,181,827
Total pension liability – district	1,908,252	1,990,666	(82,414)
Compensated absences	1,859,796	1,678,146	181,650
Severance benefits	2,178,364	2,241,000	(62,636)
Net OPEB liability	17,010,425	16,639,253	371,172
Total	$ 537,318,961	$ 539,551,794	$ (2,232,833)

The signing of new capital leases in the current year increased capital leases outstanding at year-end. Scheduled debt payments and annual amortization in the current year reduced the District's outstanding general obligation bonds, certificates of participation, and unamortized premium/discount as of June 30, 2021.

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

The state limits the amount of general obligation debt the District can issue to 15 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	$12,833,321,500
Limit rate	15%
Legal debt limit	$ 1,924,998,225

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added $161, or 2.45 percent, per pupil to the basic general education funding formula for fiscal year 2022, and an additional $135, or 2.00 percent, per pupil to the formula for fiscal year 2023.

The COVID-19 pandemic caused numerous financial and operational challenges for school districts in fiscal 2021, and is expected to continue to have a significant impact in fiscal 2022 and possibly beyond.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic will impact how many students the District attracts and maintains. Students choosing to enroll in other online schools, private school options, or kindergarten families choosing to wait a year, will mean less revenue for the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This ACFR 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 ACFR or need additional financial information, contact the Finance Department, Independent School District No. 833, District Service Center, 7362 East Point Douglas Road South, Cottage Grove, Minnesota 55016-3025.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Net Position
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	Governmental Activities 2021	Governmental Activities 2020
Assets		
Cash and temporary investments	$ 82,012,482	$ 92,340,367
Receivables		
Current taxes	51,988,592	51,209,449
Delinquent taxes	597,005	533,248
Accounts and interest	222,939	158,799
Due from other governmental units	21,833,314	23,211,486
Due from OPEB trust	–	291,042
Inventory	402,082	323,457
Prepaid items	3,946,629	1,655,917
Restricted assets – temporarily restricted		
Cash and investments for capital asset acquisition	1,085,444	1,577,504
Capital assets		
Not depreciated	17,668,263	22,815,082
Depreciated, net of accumulated depreciation	447,164,684	443,345,607
Total capital assets, net of accumulated depreciation	464,832,947	466,160,689
Total assets	626,921,434	637,461,958
Deferred outflows of resources		
Pension plan deferments	86,859,959	138,222,272
OPEB plan deferments	344,297	233,842
Total deferred outflows of resources	87,204,256	138,456,114
Total assets and deferred outflows of resources	$ 714,125,690	$ 775,918,072
Liabilities		
Salaries payable	$ 11,338,858	$ 11,247,584
Accounts and contracts payable	8,442,651	15,426,357
Accrued interest payable	4,292,989	4,665,574
Due to other governmental units	1,019,547	864,422
Unearned revenue	900,986	1,326,794
Long-term liabilities		
Due within one year	26,535,831	23,954,588
Due in more than one year	510,783,130	515,597,206
Total long-term liabilities	537,318,961	539,551,794
Total liabilities	563,313,992	573,082,525
Deferred inflows of resources		
Property taxes levied for subsequent year	92,374,393	88,708,975
Pension plan deferments	133,435,079	194,319,727
OPEB plan deferments	840,602	339,526
Total deferred inflows of resources	226,650,074	283,368,228
Net position		
Net investment in capital assets	147,166,352	132,577,651
Restricted for		
Capital asset acquisition	774,722	1,145,809
Debt service	1,982,282	2,189,017
Food service	1,073,800	811,627
Community service	2,350,374	2,291,054
Other purposes (state and other funding restrictions)	3,014,472	2,976,812
Unrestricted	(232,200,378)	(222,524,651)
Total net position	(75,838,376)	(80,532,681)
Total liabilities, deferred inflows of resources, and net position	$ 714,125,690	$ 775,918,072

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Activities
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

Functions/Programs	2021 Expenses	2021 Program Revenues: Charges for Services	2021 Program Revenues: Operating Grants and Contributions	2021 Net (Expense) Revenue and Changes in Net Position: Governmental Activities	2020 Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 9,747,835	$ –	$ 303,115	$ (9,444,720)	$ (9,718,584)
District support services	10,219,913	716	–	(10,219,197)	(8,638,404)
Elementary and secondary regular instruction	125,296,178	1,222,696	13,304,509	(110,768,973)	(110,043,544)
Vocational education instruction	2,223,916	–	752,125	(1,471,791)	(1,649,970)
Special education instruction	50,704,044	3,698	35,651,542	(15,048,804)	(17,233,963)
Instructional support services	14,077,898	15,131	2,660,349	(11,402,418)	(9,771,561)
Pupil support services	24,694,288	2,749	2,314,368	(22,377,171)	(22,690,427)
Sites and buildings	33,719,382	–	5,000	(33,714,382)	(28,566,019)
Fiscal and other fixed cost programs	498,953	–	–	(498,953)	(296,593)
Food service	6,064,857	457,280	5,768,855	161,278	(613,190)
Community service	10,777,411	4,787,256	3,191,934	(2,798,221)	(3,167,816)
Depreciation not included in other functions (excludes amounts directly allocated)	8,223,007	–	–	(8,223,007)	(8,417,009)
Interest and fiscal charges	9,657,351	–	–	(9,657,351)	(9,416,042)
Total governmental activities	$305,905,033	$ 6,489,526	$ 63,951,797	(235,463,710)	(230,223,122)
General revenues					
Taxes					
Property taxes levied for general purposes				63,064,700	58,304,158
Property taxes levied for community service				1,661,364	1,735,026
Property taxes levied for debt service				28,279,346	28,792,534
General grants and aids				144,954,814	136,490,880
Other general revenues				2,160,655	2,354,738
Investment earnings				37,136	1,043,600
Total general revenues				240,158,015	228,720,936
Change in net position				4,694,305	(1,502,186)
Net position – beginning				(80,532,681)	(79,030,495)
Net position – ending				$ (75,838,376)	$ (80,532,681)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Balance Sheet
Governmental Funds
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds 2021	Total Governmental Funds 2020
Assets						
Cash and temporary investments	$ 38,569,636	$ 18,565,068	$ 19,442,864	$ 1,518,552	$ 78,096,120	$ 87,917,184
Cash and investments held by trustee	493,256	592,188	–	–	1,085,444	1,577,504
Receivables						
Current taxes	35,011,302	–	16,171,476	805,814	51,988,592	51,209,449
Delinquent taxes	385,575	–	200,144	11,286	597,005	533,248
Accounts and interest	220,686	–	17	2,220	222,923	158,363
Due from other governmental units	20,010,431	342,539	118,000	1,362,344	21,833,314	23,211,486
Due from other funds	–	–	–	–	–	291,042
Inventory	244,470	–	–	157,612	402,082	323,457
Prepaid items	3,770,910	–	–	175,719	3,946,629	1,655,917
Total assets	$ 98,706,266	$ 19,499,795	$ 35,932,501	$ 4,033,547	$ 158,172,109	$ 166,877,650
Liabilities						
Salaries payable	$ 10,952,924	$ –	$ –	$ 385,934	$ 11,338,858	$ 11,247,584
Accounts and contracts payable	7,306,800	721,805	300	413,746	8,442,651	15,426,357
Due to other governmental units	996,165	–	–	23,382	1,019,547	864,422
Unearned revenue	426,911	–	–	474,075	900,986	1,326,794
Total liabilities	19,682,800	721,805	300	1,297,137	21,702,042	28,865,157
Deferred inflows of resources						
Unavailable revenue – delinquent taxes	207,660	–	94,525	5,686	307,871	340,632
Property taxes levied for subsequent year	60,950,789	–	29,924,971	1,498,633	92,374,393	88,708,975
Total deferred inflows of resources	61,158,449	–	30,019,496	1,504,319	92,682,264	89,049,607
Fund balances (deficit)						
Nonspendable	4,015,380	–	–	333,331	4,348,711	1,979,374
Restricted	3,789,194	18,777,990	5,912,705	3,085,157	31,565,046	38,830,708
Committed	2,379,759	–	–	–	2,379,759	2,557,546
Assigned	–	–	–	–	–	6,819,346
Unassigned	7,680,684	–	–	(2,186,397)	5,494,287	(1,224,088)
Total fund balances	17,865,017	18,777,990	5,912,705	1,232,091	43,787,803	48,962,886
Total liabilities, deferred inflows of resources, and fund balances	$ 98,706,266	$ 19,499,795	$ 35,932,501	$ 4,033,547	$ 158,172,109	$ 166,877,650

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 833

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	2021	2020
Total fund balances – governmental funds	$ 43,787,803	$ 48,962,886
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	650,668,935	638,847,678
Accumulated depreciation	(185,835,988)	(172,686,989)
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	(291,600,000)	(310,405,000)
Certificates of participation	(15,005,000)	(16,165,000)
Unamortized premium/discount	(22,049,294)	(25,205,332)
Capital leases	(8,503,021)	(8,204,415)
Net pension liability – PERA and TRA pension plans	(177,204,809)	(157,022,982)
Compensated absences	(1,859,796)	(1,678,146)
Net OPEB liability	(17,010,425)	(16,639,253)
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.	151,152	452,820
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(4,292,989)	(4,665,574)
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 – PERA and TRA pension plan deferments	86,538,569	137,934,203
Deferred outflows of resources – OPEB plan deferments	344,297	233,842
Deferred inflows of resources – PERA and TRA pension plan deferments	(133,435,079)	(194,292,525)
Deferred inflows of resources – OPEB plan deferments	(840,602)	(339,526)
Deferred inflows of resources – unavailable revenue – delinquent taxes	307,871	340,632
Total net position – governmental activities	$ (75,838,376)	$ (80,532,681)

See notes to basic financial statements

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds 2021	Total Governmental Funds 2020
Revenue						
Local sources						
Property taxes	$ 63,074,915	$ –	$ 28,300,783	$ 1,662,473	$ 93,038,171	$ 88,869,159
Investment earnings	20,709	11,646	2,379	196	34,930	972,097
Other	3,279,065	65,000	–	5,244,536	8,588,601	17,268,132
State sources	186,783,809	–	1,179,995	2,486,710	190,450,514	186,442,015
Federal sources	10,494,910	–	1,127,432	6,474,079	18,096,421	9,321,763
Total revenue	263,653,408	76,646	30,610,589	15,867,994	310,208,637	302,873,166
Expenditures						
Current						
Administration	9,319,638	–	–	–	9,319,638	9,111,780
District support services	10,085,897	–	–	–	10,085,897	8,615,747
Elementary and secondary regular instruction	116,965,391	–	–	–	116,965,391	114,653,882
Vocational education instruction	2,136,507	–	–	–	2,136,507	2,293,993
Special education instruction	48,244,767	–	–	–	48,244,767	45,976,533
Instructional support services	13,406,693	–	–	–	13,406,693	11,519,455
Pupil support services	25,984,163	–	–	–	25,984,163	25,621,566
Sites and buildings	32,788,834	–	–	–	32,788,834	26,701,248
Fiscal and other fixed cost programs	498,953	–	–	–	498,953	296,593
Food service	–	–	–	5,963,945	5,963,945	7,915,287
Community service	256,754	–	–	10,300,638	10,557,392	13,908,291
Capital outlay	–	6,639,268	–	20,896	6,660,164	25,983,600
Debt service						
Principal	3,552,359	–	18,805,000	–	22,357,359	21,235,918
Interest and fiscal charges	833,629	–	12,352,345	–	13,185,974	13,867,244
Total expenditures	264,073,585	6,639,268	31,157,345	16,285,479	318,155,677	327,701,137
Excess (deficiency) of revenue over expenditures	(420,177)	(6,562,622)	(546,756)	(417,485)	(7,947,040)	(24,827,971)
Other financing sources (uses)						
Bonds issued	–	–	–	–	–	26,550,000
Premium on debt issued	–	–	–	–	–	1,941,566
Capital leases issued	2,690,965	–	–	–	2,690,965	2,418,602
Proceeds from sale of assets	80,992	–	–	–	80,992	180,897
Transfers in	–	–	–	500,000	500,000	3,891,647
Transfers (out)	(500,000)	–	–	–	(500,000)	(3,891,647)
Total other financing sources (uses)	2,271,957	–	–	500,000	2,771,957	31,091,065
Net change in fund balances	1,851,780	(6,562,622)	(546,756)	82,515	(5,175,083)	6,263,094
Fund balances						
Beginning of year	16,013,237	25,340,612	6,459,461	1,149,576	48,962,886	42,699,792
End of year	$ 17,865,017	$ 18,777,990	$ 5,912,705	$ 1,232,091	$ 43,787,803	$ 48,962,886

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 833

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021	2020
Total net change in fund balances – governmental funds	$ (5,175,083)	$ 6,263,094
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	11,951,330	26,369,950
Depreciation expense	(13,259,660)	(10,565,954)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(19,412)	–
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.	(301,668)	(733,707)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.	(2,690,965)	(28,968,602)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds	18,805,000	17,355,000
Certificates of participation	1,160,000	1,110,000
Capital leases	2,392,359	2,770,918
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.	372,585	622,772
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 – PERA and TRA pension plans	(20,181,827)	(5,365,804)
Compensated absences	(181,650)	(232,803)
Net OPEB liability	(371,172)	(1,031,477)
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	3,156,038	1,886,864
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 – PERA and TRA pension plan deferments	(51,395,634)	(59,094,435)
Deferred outflows of resources – OPEB plan deferments	110,455	(56,779)
Deferred inflows of resources – PERA and TRA pension plan deferments	60,857,446	48,545,744
Deferred inflows of resources – OPEB plan deferments	(501,076)	(339,526)
Deferred inflows of resources – unavailable revenue – delinquent taxes	(32,761)	(37,441)
Change in net position – governmental activities	$ 4,694,305	$ (1,502,186)

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Over (Under) Final Budget
Revenue				
Local sources				
Property taxes	$ 62,250,010	$ 62,847,585	$ 63,074,915	$ 227,330
Investment earnings	300,726	400,500	20,709	(379,791)
Other	4,216,178	2,074,851	3,279,065	1,204,214
State sources	187,803,463	187,426,751	186,783,809	(642,942)
Federal sources	4,543,007	10,155,542	10,494,910	339,368
Total revenue	259,113,384	262,905,229	263,653,408	748,179
Expenditures				
Current				
Administration	9,441,974	9,521,324	9,319,638	(201,686)
District support services	8,798,351	9,964,027	10,085,897	121,870
Elementary and secondary regular instruction	118,501,382	118,354,070	116,965,391	(1,388,679)
Vocational education instruction	2,355,939	2,105,964	2,136,507	30,543
Special education instruction	52,075,198	49,944,468	48,244,767	(1,699,701)
Community service	294,695	231,562	256,754	25,192
Instructional support services	12,935,214	14,497,593	13,406,693	(1,090,900)
Pupil support services	28,868,461	26,560,717	25,984,163	(576,554)
Sites and buildings	28,923,033	32,136,110	32,788,834	652,724
Fiscal and other fixed cost programs	525,000	551,500	498,953	(52,547)
Debt service				
Principal	3,449,179	3,443,374	3,552,359	108,985
Interest and fiscal charges	779,304	797,295	833,629	36,334
Total expenditures	266,947,730	268,108,004	264,073,585	(4,034,419)
Excess (deficiency) of revenue over expenditures	(7,834,346)	(5,202,775)	(420,177)	4,782,598
Other financing sources (uses)				
Capital leases issued	1,000,000	1,610,000	2,690,965	1,080,965
Proceeds from sale of assets	15,000	1,200	80,992	79,792
Transfers (out)	–	–	(500,000)	(500,000)
Total other financing sources (uses)	1,015,000	1,611,200	2,271,957	660,757
Net change in fund balances	$ (6,819,346)	$ (3,591,575)	1,851,780	$ 5,443,355
Fund balances				
Beginning of year			16,013,237	
End of year			$ 17,865,017	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Net Position
Proprietary Funds
Internal Service Funds
as of June 30, 2021
(With Partial Comparative Information as of June 30, 2020)

	2021	2020
Assets		
Current assets		
Cash and temporary investments	$ 3,916,362	$ 4,423,183
Receivables		
Accounts and interest	16	436
Total current assets	3,916,378	4,423,619
Deferred outflows of resources		
Pension plan deferments	321,390	288,069
Liabilities		
Current liabilities		
Severance benefits	203,669	357,944
Total pension liability	264,909	–
Total current liabilities	468,578	357,944
Long-term liabilities		
Severance benefits	1,974,695	1,883,056
Total pension liability	1,643,343	1,990,666
Total long-term liabilities	3,618,038	3,873,722
Total liabilities	4,086,616	4,231,666
Deferred inflows of resources		
Pension plan deferments	–	27,202
Net position		
Unrestricted	$ 151,152	$ 452,820

INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Internal Service Funds
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021	2020
Operating revenue		
Contributions from governmental funds	$ –	$ –
Operating expenses		
Severance benefits	164,414	683,294
Pension benefits	139,460	121,916
Total operating expenses	303,874	805,210
Operating income (loss)	(303,874)	(805,210)
Nonoperating revenue		
Investment earnings	2,206	71,503
Income (loss) before transfers	(301,668)	(733,707)
Transfers in	63,123	240,867
Transfers (out)	(63,123)	(240,867)
Change in net position	(301,668)	(733,707)
Net position		
Beginning of year	452,820	1,186,527
End of year	$ 151,152	$ 452,820

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INDEPENDENT SCHOOL DISTRICT NO. 833

Statement of Cash Flows
Proprietary Funds
Internal Service Funds
Year Ended June 30, 2021
(With Partial Comparative Information for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities		
Severance benefit payments	$ (227,050)	$ (152,632)
Pension benefit payments	(282,397)	(245,176)
Net cash flows from operating activities	(509,447)	(397,808)
Cash flows from noncapital financing activities		
Transfer in	63,123	240,867
Transfer (out)	(63,123)	(240,867)
Net cash flows from noncapital financing activities	–	–
Cash flows from investing activities		
Interest on investments	2,626	71,745
Net change in cash and cash equivalents	(506,821)	(326,063)
Cash and cash equivalents		
Beginning of year	4,423,183	4,749,246
End of year	$ 3,916,362	$ 4,423,183
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (303,874)	$ (805,210)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets, liabilities, and deferred outflows/inflows of resources		
Deferred outflows of resources	(33,321)	426,697
Severance benefits	(62,636)	530,662
Total pension liability	(82,414)	(577,159)
Deferred inflows of resources	(27,202)	27,202
Net cash flows from operating activities	$ (509,447)	$ (397,808)

Statement of Fiduciary Net Position
as of June 30, 2021

	Scholarship Custodial Fund	Other Post-Employment Benefits Trust Fund
Assets		
Cash and temporary investments	$ 40,082	$ –
Investments held by trustee		
Mutual funds	–	3,903,112
Total assets	40,082	3,903,112
Net position		
Restricted for scholarships	40,082	–
Restricted for OPEB	–	3,903,112
Total net position	$ 40,082	$ 3,903,112

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	Scholarship Custodial Fund	Other Post-Employment Benefits Trust Fund
Additions		
Contributions		
Private donations	$ 10,900	$ –
Investment earnings		
Investment earnings	–	855,733
Less investment expense	–	(14,909)
Net investment earnings	–	840,824
Total additions	10,900	840,824
Deductions		
Scholarships awarded	10,030	–
Administrative and other expenses	–	5,000
Total deductions	10,030	5,000
Change in net position	870	835,824
Net position		
Beginning of year	39,212	3,067,288
End of year	$ 40,082	$ 3,903,112

See notes to basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 833 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Government-Wide Financial Statement Presentation

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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.

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 revenues are recognized when all eligible requirements imposed by the provider have been met.

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 not included in other functions." Interest is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

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

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

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

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

Internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service funds is charges to customers (other district funds) for service. Operating expenses for the internal service funds include the cost of providing the services. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: the District has one pension (and other employee benefit) trust fund and one custodial fund. 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.

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

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, 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, construction, or improvement of capital facilities authorized by debt issue and certain capital related levies.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, long-term debt 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 Fund

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 District, or to other governments, on a cost-reimbursement basis. The District's internal service funds include financing for post-employment severance and pension benefits offered by the District to its employees.

Fiduciary Funds

Scholarship Custodial Fund – The Scholarship Custodial Fund is used as a flow through mechanism in which the District receives funds and distributes these funds to other third parties for donor-directed purposes, such as to award scholarships to former students.

Other Post-Employment Benefits Trust Fund – The Other Post-Employment Benefits Trust Fund is used to administer assets held in an irrevocable trust to fund post-employment insurance benefits for eligible employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Expenditures in the Community Service Special Revenue Fund were over budgeted appropriations by $1,233,885, for the year ended June 30, 2021. Revenues and other financing sources in excess of budget, along with available fund balance, covered this variance.

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. Debt proceeds recorded in the Capital Projects – Building Construction Fund are not pooled, and earnings on these proceeds are allocated directly to the fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the General Fund and Capital Projects – Building Construction Fund, the escrow accounts held by the trustee can be used only for certain capital asset acquisition costs as required by terms of the debt issue. In the Other Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. Interest earned on these investments is allocated directly to the appropriate fund.

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 receivable not expected to be fully collected within one year is property taxes receivable.

At year-end, the District reported the following receivables due from other governmental units:

Due from the MDE and others	$	21,275,597
Due from other Minnesota school districts		24,063
Due from Washington County and others		533,654
Total	$	21,833,314

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, warehouse supplies, and surplus commodities received from the federal government. Purchased food and supplies are recorded at cost on a first-in, first-out basis. Warehouse supplies are recorded using an average cost 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 expenses/expenditures at the time of consumption.

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $3,972,042 of the property tax levy collectible in 2021 as revenue to the District in fiscal year 2020–2021. The remaining portion of the taxes collectible in 2021 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

K. Capital Assets

Capital assets that are purchased or constructed by the District are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

L. Long-Term Obligations

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

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

M. Compensated Absences Payable

1. **Vacation Pay** – Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Unused vacation pay is accrued in the governmental fund financial statements only when used or matured, due to employee termination or similar circumstances.

2. **Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of an employee's severance pay upon termination for certain collective bargaining units.

N. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with the provisions of certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. Severance benefits are calculated by converting a portion of an eligible employee's unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Members of certain employee groups may elect to receive district matching contributions paid into tax deferred matching contribution plans. Severance or retirement benefits are required to be paid out twice a year (June and January) following the effective date of retirement. Retirement benefits for certain employee groups are paid into a post-employment tax sheltered annuity account. For all other employees, severance benefits are paid out directly to the employee.

Severance pay based on convertible sick leave is recorded as a liability in the Internal Service Fund and in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future.

O. State-Wide Pension Plans

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

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

P. Other Post-Employment Benefits (OPEB) Plan

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

Q. Deferred Outflows/Inflows of Resources

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

R. Net Position

In the government-wide, 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."

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

S. Fund Balance Classifications

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

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

T. Risk Management and Self-Insurance

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

2. **Self-Insurance** – The District uses the General Fund to account for and finance its self-insured risk of loss for the employee dental insurance plan, which began on January 1, 2021. Under the plan, the General Fund provides coverage to participating employees and their dependents for various dental costs as described in the plan.

   The District tracks premium payments that include both employer and employee contributions on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus 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.

   The changes in the balance of the dental claim liability since inception on January 1, 2021 (start of self-insurance) was as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2021	$ –	$ 848,766	$ 789,614	$ 59,152

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 reported amounts and disclosures in the financial statements during the reporting period. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements, such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements these assets have been reported as "cash and investments held by trustee."

W. Prior Period Comparative Financial Information/Reclassifications

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 prior year, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$ 1,470,761
Investments	85,533,049
Cash on hand	37,310
Total	$ 87,041,120

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

Statement of Net Position	
Cash and temporary investments	$ 82,012,482
Restricted assets – temporarily restricted	
Cash and investments for capital asset acquisition	1,085,444
Statement of Fiduciary Net Position	
Cash and temporary investments	
Scholarship Custodial Fund	40,082
Investments held by trustee	
Other Post-Employment Benefits Trust Fund	3,903,112
Total	$ 87,041,120

B. Deposits

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

At year-end, the carrying amount of the District's deposits and the balance on the bank records was $1,470,761. At year-end, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

C. Investments

The District had the following investments at year-end:

	Credit Risk		Fair Value	Interest Risk – Maturity Duration in Years		
Investment Type	Credit Rating	Rating Agency	Measurements Using	Less Than 1	1 to 5	Total
Negotiable certificates of deposit	N/R	N/R	Level 2	$ 246,607	$ –	$ 246,607
Investment pools/mutual funds						
MSDLAF – Liquid Class	AAA	S&P	Amortized Cost	N/A	N/A	34,943,232
MSDLAF – MAX Class	AAA	S&P	Amortized Cost	N/A	N/A	40,440,738
Morgan Stanley Institutional Liquidity Funds	AAA	S&P	Amortized Cost	N/A	N/A	267,799
First American Government Obligations Funds	AAA	S&P	Level 1	N/A	N/A	600,280
U.S. Government Money Market Fund	AAA	S&P	Level 1	N/A	N/A	3,272,239
Wells Fargo Advantage Governmental Fund	AAA	S&P	Level 1	N/A	N/A	1,867,134
Mutual funds	N/R	N/R	Level 1	N/A	N/A	3,895,020
Total investments						$ 85,533,049

N/A – Not Applicable
N/R – Not Rated

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

For assets held in the Post-Employment Benefits Trust Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. The District's investment policies do not further restrict investing in specific financial instruments.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds.

The District has an internal policy that limits investment choices and addresses these potential risks beyond the statutory limitations listed above. These limitations are discussed below:

- Investments in the various authorized instruments cannot exceed the following percentages of total funds:

    1. U.S. treasury obligations (bills, notes, and bonds) – 100 percent
    2. U.S. government agency securities and instrumentalities of government-sponsored corporations – 100 percent
    3. Bankers' acceptances – 25 percent
    4. Commercial paper – 75 percent
    5. Repurchase agreements – 50 percent
    6. Certificates of deposit – commercial banks – 100 percent
    7. Local government investment pool – 100 percent

- Not more than 66 percent of the total nonconstruction portfolio shall be with any one depository.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District's investment policies do not limit 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 asset activity for the current year ended is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	$ 14,846,429	$ –	$ –	$ –	$ 14,846,429
Construction in progress	7,968,653	9,075,210	–	(14,222,029)	2,821,834
Total capital assets, not depreciated	22,815,082	9,075,210	–	(14,222,029)	17,668,263
Capital assets, depreciated					
Land improvements	19,514,989	–	–	4,604,887	24,119,876
Buildings	564,102,606	–	–	9,617,142	573,719,748
Machinery and equipment	18,544,699	1,824,417	(23,199)	–	20,345,917
Licensed vehicles	13,870,302	1,051,703	(106,874)	–	14,815,131
Total capital assets, depreciated	616,032,596	2,876,120	(130,073)	14,222,029	633,000,672
Less accumulated depreciation for					
Land improvements	(11,269,752)	(688,071)	–	–	(11,957,823)
Buildings	(137,301,451)	(11,236,762)	–	–	(148,538,213)
Machinery and equipment	(13,409,544)	(620,217)	6,059	–	(14,023,702)
Licensed vehicles	(10,706,242)	(714,610)	104,602	–	(11,316,250)
Total accumulated depreciation	(172,686,989)	(13,259,660)	110,661	–	(185,835,988)
Net capital assets, depreciated	443,345,607	(10,383,540)	(19,412)	14,222,029	447,164,684
Total capital assets, net	$ 466,160,689	$ (1,308,330)	$ (19,412)	$ –	$ 464,832,947

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

District support services	$ 81,553
Elementary and secondary regular instruction	63,548
Instructional support services	219
Pupil support services	666,669
Sites and buildings	4,050,551
Food service	165,507
Community service	8,606
Depreciation not included in other functions	8,223,007
Total depreciation expense	$ 13,259,660

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
General obligation bonds					
2010B Taxable Alternative Facility	06/10/2010	5.15%	$ 4,365,000	06/01/2026	$ 4,220,000
2010C Taxable Alternative Facility	06/10/2010	5.00%	$ 19,565,000	06/01/2026	19,565,000
2012A Alternative Facility Bonds	04/19/2012	3.00–3.25%	$ 6,150,000	02/01/2027	4,475,000
2014A Alternative Facility Bonds	05/20/2014	2.00–3.50%	$ 14,840,000	02/01/2028	14,640,000
2014B Capital Facilities Bonds	05/20/2014	2.00–2.50%	$ 5,670,000	02/01/2024	1,765,000
2016A Building Bonds	03/01/2016	3.50–5.00%	$ 87,145,000	02/01/2035	86,345,000
2016B Refunding Bonds	05/12/2016	3.00–5.00%	$ 73,460,000	02/01/2027	50,940,000
2016C Facilities Maintenance Bonds	05/12/2016	3.00–4.00%	$ 14,470,000	02/01/2031	14,470,000
2016E Refunding Bonds	11/09/2016	3.00–5.00%	$ 33,035,000	02/01/2027	24,870,000
2018A Facilities Maintenance Bonds	05/18/2018	3.00–5.00%	$ 22,580,000	02/01/2033	22,580,000
2018B Refunding Bonds	11/06/2018	5.00%	$ 25,790,000	02/01/2023	21,180,000
2020A Facilities Maintenance Bonds	05/14/2020	3.00–5.00%	$ 26,550,000	02/01/2038	26,550,000
Total general obligation bonds					$ 291,600,000

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

The District's Taxable Alternative Facility Bonds, Series 2010B were issued as Qualified Zone Academy Bonds – Direct Payment, for which the District receives a federal rebate equal to 100 percent of the interest payment on this debt issue. The District's Taxable Alternative Facility Bonds, Series 2010C were issued as Qualified School Construction Bonds – Direct Payment. Although the District has complied with all eligibility requirements for this credit, the District received notice from the Internal Revenue Service that interest payment credits were reduced from originally anticipated amounts.

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2016D Certificates of Participation	06/16/2016	4.00–5.00%	$ 13,200,000	04/01/2031	$ 9,645,000
2017A Certificates of Participation	06/22/2017	3.00–3.25%	$ 6,995,000	02/01/2032	5,360,000
Total certificates of participation					$ 15,005,000

The District has issued certificates of participation under Minnesota Statutes § 123B.51 to finance the purchase of Valley Crossing Elementary School, and to finance an addition to the Woodbury Middle School. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Capital Leases

The District has purchased various assets through capitalized lease-purchase agreements. Annual principal and interest on these leases will be paid from the General Fund.

Asset Leased	Asset Value Capitalized	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Liberty Ridge Site II	$ 4,550,000	2.99%	04/12/2012	04/15/2027	$ 1,857,618
Security equipment	2,268,000	2.90%	04/23/2015	04/01/2024	822,736
Elementary entrance projects	3,325,000	2.06%	05/12/2016	04/01/2024	1,308,119
Buses	1,438,734	2.03%	05/18/2016	05/18/2022	213,790
Maintenance equipment	262,954	1.37%	07/06/2017	07/06/2021	10,484
Buses	653,760	0.50%	07/15/2017	07/15/2023	288,111
Buses	740,447	0.50%	04/15/2018	04/15/2024	327,034
Apple iPads	N/A	1.19%	07/15/2019	07/15/2022	328,927
Chromebooks	N/A	5.45%	07/25/2019	07/25/2022	383,803
Buses	992,600	3.75%	07/15/2019	08/15/2025	710,295
Storage	555,482	–	07/01/2020	07/01/2021	277,741
Buses	1,051,703	2.85%	07/20/2020	07/20/2026	890,583
Buses	1,083,780	2.38%	06/15/2021	07/15/2027	1,083,780
	$ 16,922,460				$ 8,503,021

N/A – These leases were used to acquire equipment, which individually fell under the District's capitalization policy, therefore, the equipment acquired is not included as part of capital assets.

Amortization of assets capitalized through these lease agreements is included in depreciation expense in the government-wide financial statements. The amount charged to depreciation for the current year ended was $709,381.

The assets acquired through these capital leases are reported as follows:

	Construction in Progress	Buildings	Machinery and Equipment	Licensed Vehicles	Total
Assets	$ 1,554,555	$ 9,672,225	$ 818,436	$ 4,877,244	$ 16,922,460
Less accumulated depreciation	–	1,017,259	79,379	1,702,239	2,798,877
Net book value	$ 1,554,555	$ 8,654,966	$ 739,057	$ 3,175,005	$ 14,123,583

The leases are secured by a ground lease and the equipment. If the District fails to make the rental payments specified in this agreement or otherwise defaults on the lease, the lessor may: 1) declare all rental payments due or to become due, to be immediately due and payable, 2) 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, 3) 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 the agreement until the property is sold or leased again, or 4) take legal action to force performance under the terms of the lease.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including pensions, severance benefits, compensated absences, 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 an Other Post-Employment Benefits Trust Fund to finance OPEB obligations.

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

Pension Plans	Total/Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	$ 29,959,298	$ 3,194,402	$ 1,699,695	$ 1,386,028
TRA	147,245,511	83,344,167	131,735,384	22,971,500
District	1,908,252	321,390	–	139,460
Total	$ 179,113,061	$ 86,859,959	$ 133,435,079	$ 24,496,988

E. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Certificates of Participation Principal	Certificates of Participation Interest	Capital Leases Principal	Capital Leases Interest
2022	$ 20,530,000	$ 11,717,555	$ 1,210,000	$ 564,894	$ 2,467,457	$ 194,571
2023	22,185,000	10,734,280	1,260,000	512,794	1,994,889	160,773
2024	25,760,000	9,696,480	1,315,000	458,394	1,679,073	106,683
2025	25,160,000	8,423,605	1,360,000	410,244	762,743	64,917
2026	23,685,000	7,165,605	1,410,000	360,394	785,637	42,023
2027–2031	98,800,000	23,454,025	7,885,000	985,269	813,222	22,292
2032–2036	68,820,000	6,796,063	565,000	18,361	–	–
2037–2038	6,660,000	300,600	–	–	–	–
	$ 291,600,000	$ 78,288,213	$ 15,005,000	$ 3,310,350	$ 8,503,021	$ 591,259

F. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
General obligation bonds	$ 310,405,000	$ –	$ 18,805,000	$ 291,600,000	$ 20,530,000
Certificates of participation	16,165,000	–	1,160,000	15,005,000	1,210,000
Unamortized premium/discount	25,205,332	–	3,156,038	22,049,294	–
Capital leases	8,204,415	2,690,965	2,392,359	8,503,021	2,467,457
Net pension liability – PERA and TRA	157,022,982	35,182,050	15,000,223	177,204,809	–
Total pension liability – District	1,990,666	199,983	282,397	1,908,252	264,909
Compensated absences	1,678,146	1,928,648	1,746,998	1,859,796	1,859,796
Severance benefits	2,241,000	164,414	227,050	2,178,364	203,669
Net OPEB liability	16,639,253	1,562,234	1,191,062	17,010,425	–
	$ 539,551,794	$ 41,728,294	$ 43,961,127	$ 537,318,961	$ 26,535,831

NOTE 5 – FUND BALANCES

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

A. Classifications

At year-end, a summary of the District's governmental fund balance classifications is as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 244,470	$ –	$ –	$ 157,612	$ 402,082
Prepaid items	3,770,910	–	–	175,719	3,946,629
Total nonspendable	4,015,380	–	–	333,331	4,348,711
Restricted					
Student activities	582,168	–	–	–	582,168
Scholarships	4,750	–	–	–	4,750
Staff development	1,354,016	–	–	–	1,354,016
Capital projects levy	258,618	–	–	–	258,618
Operating capital	126,815	–	–	–	126,815
State-approved alternative program	808,017	–	–	–	808,017
Safe schools levy	389,289	–	–	–	389,289
Basic skills extended time	234,838	–	–	–	234,838
Community arts center	30,683	–	–	–	30,683
Projects funded by certificates of participation	–	1,056,023	–	–	1,056,023
Long-term facilities maintenance	–	17,691,713	–	–	17,691,713
Building construction	–	30,254	–	–	30,254
Debt service	–	–	5,912,705	–	5,912,705
Food service	–	–	–	832,248	832,248
Community education programs	–	–	–	1,784,670	1,784,670
Early childhood family education programs	–	–	–	290,538	290,538
Adult basic education	–	–	–	177,701	177,701
Total restricted	3,789,194	18,777,990	5,912,705	3,085,157	31,565,046
Committed					
ATPPS	195,613	–	–	–	195,613
Donations/gifts	588,893	–	–	–	588,893
School budget carryover	1,595,253	–	–	–	1,595,253
Total committed	2,379,759	–	–	–	2,379,759
Unassigned					
Restricted account deficits					
Long-term facilities maintenance deficit	(331,039)	–	–	–	(331,039)
School readiness deficit	–	–	–	(1,274,893)	(1,274,893)
Community service deficit	–	–	–	(911,504)	(911,504)
Unassigned	8,011,723	–	–	–	8,011,723
Total unassigned	7,680,684	–	–	(2,186,397)	5,494,287
	$ 17,865,017	$ 18,777,990	$ 5,912,705	$ 1,232,091	$ 43,787,803

NOTE 5 – FUND BALANCES (CONTINUED)

B. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to maintain an unrestricted fund balance each year of 5.0–9.0 percent of the District's General Fund unrestricted operating expenditure budget. At June 30, 2021, the unrestricted fund balance of the General Fund, excluding restricted account deficits, was 3.9 percent of current year expenditures.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

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

The District administers a defined benefit Other Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Other 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 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, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District. The District has established the Other Post-Employment Benefits Trust Fund to finance these obligations.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

D. Membership

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

Retirees and beneficiaries receiving benefits	83
Active plan members	2,426
Total members	2,509

E. Net OPEB Liability of the District

The District's net OPEB liability was based on the actuarial valuation performed as of July 1, 2019, and was rolled forward to June 30, 2021, as allowed using generally accepted actuarial principles. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 20,913,537
Plan fiduciary net position	(3,903,112)
District's net OPEB liability	$ 17,010,425
Plan fiduciary net position as a percentage of the total OPEB liability	18.7%

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date as of July 1, 2019 and measurement date as of June 30, 2021, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.20%
Expected long-term investment return	4.50%
20-year municipal bond yield	2.10%
Inflation rate	2.50%
Salary increases	Service graded table
Medical trend rate	6.25% in 2020 grading to 5.00% over 5 years
Dental trend rate	4.00%

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

Mortality rates were based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) 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 School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

A single discount rate of 2.20 percent was used to measure the total OPEB liability. The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best-estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. equity	39.00 %	5.20 %
International developed equity	15.00	5.20
Emerging equity	6.00	5.20
Core fixed	20.00	3.00
Interm IG Corp	10.00	3.75
High yield	5.00	4.25
Emerging debt	5.00	4.75
Total	100.00 %	4.50 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 27.4 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 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. The District discount rate used in the prior measurement date was 2.40 percent.

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning balance	$ 19,706,541	$ 3,067,288	$ 16,639,253
Changes for the year			
Service cost	1,715,560	–	1,715,560
Interest	499,922	–	499,922
Changes in actuarial assumptions	182,576	–	182,576
Employer contributions	–	1,191,062	(1,191,062)
Projected investment return	–	138,028	(138,028)
Differences between expected and actual experience	–	702,796	(702,796)
Benefit payments	(1,191,062)	(1,191,062)	–
Administrative expenses	–	(5,000)	5,000
Total net changes	1,206,996	835,824	371,172
Ending balance	$ 20,913,537	$ 3,903,112	$ 17,010,425

Assumption changes since the prior measurement date included:

- The discount rate was changed from 2.40 percent to 2.20 percent.

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	1.20%	2.20%	3.20%
Net OPEB liability	$ 18,156,397	$ 17,010,425	$ 15,877,701

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

	1% Decrease in Healthcare Cost Trend Rates	Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Healthcare trend rate	5.25% decreasing to 4.00%	6.25% decreasing to 5.00%	7.25% decreasing to 6.00%
Dental trend rate	3.00%	4.00%	5.00%
Net OPEB liability	$ 14,648,838	$ 17,010,425	$ 19,807,696

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

For the current year ended, the District recognized OPEB expense of $1,952,855. 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
Differences between expected and actual economic experience	$ –	$ 176,432
Changes in actuarial assumptions	344,297	106,505
Difference between projected and actual investment earnings	–	557,665
Total	$ 344,297	$ 840,602

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
2022	$ (129,599)
2023	$ (129,780)
2024	$ (136,565)
2025	$ (133,501)
2026	$ 7,062
Thereafter	$ 26,078

NOTE 7 – DEFINED BENEFIT PENSION PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through the Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension 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 plan does not issue a publicly available financial report.

These benefits are summarized as follows:

Teacher Pension Benefits – For eligible teachers hired before July 1, 1991, the District pays a lump sum pension benefit up to $22,500 based on years of service at retirement. The amount of any pension benefits due to an employee is reduced by the total matching contributions made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

Other Pension Benefits – The District offers pension benefits to several other employee groups. Eligible employees (contracts stipulate a minimum number of years of service and a minimum age) can earn a lump sum pension benefit that differs by bargaining unit. Some contracts also reduce the pension benefits by the total matching contribution made by the District to the employee's qualified retirement account over the course of that individual's employment with the District.

B. Contributions and Funding Policy

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

C. Membership

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

Retirees and beneficiaries receiving benefits	12
Active plan members	1,435
Total members	1,447

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

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2019 and a measurement date as of July 1, 2020, as allowed using generally accepted actuarial principles, using the entry-age, level percentage of pay method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.40%
20-year municipal bond yield	2.40%
Inflation rate	2.50%
Salary increases	1.50%

Mortality rates were based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

E. Discount Rate

The discount rate used to measure the total pension liability was 2.40 percent. The District discount rate used in the prior measurement date was 3.10 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

F. Changes in the Total Pension Liability

	Total Pension Liability
Beginning balance	$ 1,990,666
Changes for the year	
Service cost	76,661
Interest	60,316
Changes in actuarial assumptions	25,785
Benefit payments	(245,176)
Total net changes	(82,414)
Ending balance	$ 1,908,252

Assumption changes since the prior measurement date included:

- The discount rate was changed from 3.10 percent to 2.40 percent.

G. Total Pension Liability Sensitivity to Discount Rate Changes

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Pension discount rate	1.40%	2.40%	3.40%
Total pension liability	$ 1,955,188	$ 1,908,252	$ 1,859,801

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

For the current year ended, the District reported a total pension expense of $139,460. As of year-end, the District reported its deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 38,993	$ –
District's contributions to the plan subsequent to the measurement date	282,397	–
Total	$ 321,390	$ –

A total of $282,397 reported as deferred outflows of resources related to pensions resulting from district contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to the District pension will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	$ 3,900
2023	$ 3,900
2024	$ 3,900
2025	$ 3,900
2026	$ 3,900
Thereafter	$ 19,493

NOTE 8 – 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 (DCP) administered by Minnesota State.

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 for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

Benefit increases are provided to benefit recipients each January. The post-retirement increase will be equal to 50.0 percent of the cost of living adjustment (COLA) announced by the Social Security Administration, with a 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 for 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 Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

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

Tier II Benefits

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

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2021, were $2,480,959. 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,					
	2019		2020		2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	11.71 %	11.00 %	11.92 %	11.00 %	12.13 %
Coordinated Plan	7.50 %	7.71 %	7.50 %	7.92 %	7.50 %	8.13 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2021, were $9,988,203. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

	in thousands
Employer contributions reported in the TRA's Comprehensive Annual Financial Report Statement of Changes in Fiduciary Net Position	$ 425,223
Add employer contributions not related to future contribution efforts	(56)
Deduct the TRA's contributions not included in allocation	(508)
Total employer contributions	424,659
Total nonemployer contributions	35,587
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	$ 460,246

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, 2021, the District reported a liability of $29,959,298 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $923,822. The net pension liability was measured as of June 30, 2020, 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 proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.4997 percent at the end of the measurement period and 0.5016 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 29,959,298
State's proportionate share of the net pension liability associated with the District	$ 923,822

For the year ended June 30, 2021, the District recognized pension expense of $1,305,627 for its proportionate share of the GERF's pension expense. In addition, the District recognized $80,401 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

At June 30, 2021, 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	$ 274,468	$ 113,350
Changes in actuarial assumptions	–	1,121,354
Net collective difference between projected and actual investment earnings	438,975	–
Changes in proportion	–	464,991
District's contributions to the GERF subsequent to the measurement date	2,480,959	–
Total	$ 3,194,402	$ 1,699,695

The $2,480,959 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	$ (2,007,883)
2023	$ (245,704)
2024	$ 543,506
2025	$ 723,829

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of $147,245,511 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 1.9930 percent at the end of the measurement period and 2.0284 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	$ 147,245,511
State's proportionate share of the net pension liability associated with the District	$ 12,339,490

For the year ended June 30, 2021, the District recognized pension expense of $21,841,120. It also recognized $1,130,380 as an increase to pension expense for the support provided by direct aid.

At June 30, 2021, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,952,869	$ 2,254,882
Changes in actuarial assumptions	47,316,340	122,139,665
Net difference between projected and actual investment earnings on pension plan investments	2,326,255	–
Changes in proportion	20,760,500	7,340,837
District's contributions to the TRA subsequent to the measurement date	9,988,203	–
Total	$ 83,344,167	$ 131,735,384

A total of $9,988,203 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, 2022. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	$ 5,028,940
2023	$ (36,252,614)
2024	$ (31,037,045)
2025	$ 3,644,627
2026	$ 236,672

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	
Active member payroll growth		2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on Pub-2010 General Employee Mortality Table for the GERF Plan and the RP-2014 tables for the TRA for males and females, as appropriate, with slight adjustments to fit the PERA's experience. 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 2020 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually for the TRA.

Actuarial assumptions used in the June 30, 2020 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. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. 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 2020:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- Employer contribution rate increased from 7.92 percent to 8.13 percent in July 2020.

The 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 %
Cash equivalents	2.00	– %
Total	100.00 %	

F. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2020 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 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

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	$ 48,014,364	$ 29,959,298	$ 15,065,320
TRA discount rate	6.50%	7.50%	8.50%
District's proportionate share of the TRA net pension liability	$ 225,431,319	$ 147,245,511	$ 82,824,357

H. Pension Plan Fiduciary Net Position

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

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

NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has established the Flexible Spending Plan (the Plan). The Plan is a "cafeteria plan" under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for health insurance, healthcare, and dependent care benefits.

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

Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated insurance companies.

NOTE 9 – FLEXIBLE BENEFIT PLAN (CONTINUED)

Amounts withheld for medical reimbursement and dependent care are paid by the District to a trust account maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity are included in the financial statements in the General Fund and special revenue funds.

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 in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 – INTERFUND TRANSACTIONS

Interfund Transfers

The District made the following transfers during the current year:

	Transfers In	Transfers Out
Governmental funds		
General Fund	$ –	$ 500,000
Nonmajor funds		
Community Service Special Revenue Fund	500,000	–
Internal service funds		
Severance Benefits Fund	63,123	–
Pension Benefits Fund	–	63,123
Total transfers	$ 563,123	$ 563,123

Transfers were made between funds to allocate resources for spending and to subsidize operations impacted by the COVID-19 pandemic.

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenues

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Legal Claims

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

C. Construction Contracts

At June 30, 2021, the District had commitments totaling $1,421,200 under various construction contracts for which the work was not yet completed.

D. COVID-19

The COVID-19 pandemic has caused numerous financial and operational challenges for districts in fiscal 2021, and is expected to have a significant impact for fiscal 2022 and possibly beyond. Any potential effects it may have on the District's future operations and financial condition cannot be determined at this time and have not been reflected in these financial statements.

E. Operating Leases

The District is obligated under certain bus and space leases accounted for as operating leases. These operating leases range in duration from 3 to 10 years with varying terms. Operating leases do not give rise to property rights and, therefore, the results of the lease agreements are not reflected as a liability in the District's financial statements.

During the year ended June 30, 2021, rental payments under these operating leases totaled $478,418. The leases require the following future annual lease payments:

Year Ending June 30,	Amount
2022	$ 480,629
2023	$ 480,629
2024	$ 480,629
2025	$ 487,884
2026	$ 493,830
2027	$ 106,830
2028	$ 26,708

NOTE 12 – SUBSEQUENT EVENTS

In July 2021, the District entered into a lease purchase agreement for technology devices. The lease will be paid through the General Fund. The lease requires three annual payments of $537,230.

In October 2021, the District issued $4,300,000 of General Obligation Alternative Facilities Refunding Bonds, Series 2021A. The bonds were issued in a current refunding of the General Obligation Alternative Facilities Bonds, Series 2012A. The new bonds carry an interest rate of 2.00 percent and were issued to reduced future debt levies of the District.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 833

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.5346%	$ 25,112,830	$ –	$ 25,112,830	$ 28,092,359	89.39%	78.70%
06/30/2016	06/30/2015	0.5003%	$ 25,928,143	$ –	$ 25,928,143	$ 29,415,673	88.14%	78.20%
06/30/2017	06/30/2016	0.4933%	$ 40,053,517	$ 523,069	$ 40,576,586	$ 30,782,743	130.12%	68.90%
06/30/2018	06/30/2017	0.5165%	$ 32,973,022	$ 414,616	$ 33,387,638	$ 33,279,230	99.08%	75.90%
06/30/2019	06/30/2018	0.5142%	$ 28,525,709	$ 935,577	$ 29,461,286	$ 34,513,997	82.65%	79.50%
06/30/2020	06/30/2019	0.5016%	$ 27,732,340	$ 861,963	$ 28,594,303	$ 35,502,746	78.11%	80.20%
06/30/2021	06/30/2020	0.4997%	$ 29,959,298	$ 923,822	$ 30,883,120	$ 35,621,166	84.11%	79.10%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2021

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 2,167,373	$ 2,167,373	$ –	$ 29,415,673	7.37%
06/30/2016	$ 2,296,584	$ 2,296,584	$ –	$ 30,782,743	7.46%
06/30/2017	$ 2,495,606	$ 2,495,606	$ –	$ 33,279,230	7.50%
06/30/2018	$ 2,588,589	$ 2,588,589	$ –	$ 34,513,997	7.50%
06/30/2019	$ 2,662,629	$ 2,662,629	$ –	$ 35,502,746	7.50%
06/30/2020	$ 2,671,115	$ 2,671,115	$ –	$ 35,621,166	7.50%
06/30/2021	$ 2,480,959	$ 2,480,959	$ –	$ 33,089,386	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2021

District Fiscal Year-End	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.9987%	$ 92,098,657	$ 6,479,000	$ 98,577,657	$ 91,237,229	100.94%	81.50%
06/30/2016	06/30/2015	1.8359%	$113,568,572	$ 13,930,331	$127,498,903	$ 92,802,751	122.38%	76.80%
06/30/2017	06/30/2016	1.7845%	$425,645,829	$ 42,723,360	$468,369,189	$ 92,469,962	460.31%	44.88%
06/30/2018	06/30/2017	2.0098%	$401,192,539	$ 38,782,331	$439,974,870	$108,203,544	370.78%	51.57%
06/30/2019	06/30/2018	1.9604%	$123,131,469	$ 11,568,657	$134,700,126	$108,308,303	113.69%	78.07%
06/30/2020	06/30/2019	2.0284%	$129,290,642	$ 11,441,794	$140,732,436	$115,187,988	112.24%	78.21%
06/30/2021	06/30/2020	1.9930%	$147,245,511	$ 12,339,490	$159,585,001	$115,813,902	127.14%	75.48%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2021

District Fiscal Year-End	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 6,983,156	$ 6,983,156	$ –	$ 92,802,751	7.52%
06/30/2016	$ 6,961,699	$ 6,961,699	$ –	$ 92,469,962	7.53%
06/30/2017	$ 8,114,210	$ 8,114,210	$ –	$108,203,544	7.50%
06/30/2018	$ 8,123,097	$ 8,123,097	$ –	$108,308,303	7.50%
06/30/2019	$ 8,878,634	$ 8,878,634	$ –	$115,187,988	7.71%
06/30/2020	$ 9,172,662	$ 9,172,662	$ –	$115,813,902	7.92%
06/30/2021	$ 9,988,203	$ 9,988,203	$ –	$122,856,228	8.13%

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. 833

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2021

	District Fiscal Year-End Date				
	2017	2018	2019	2020	2021
Total pension liability					
Service cost	$ 134,534	$ 68,872	$ 70,938	$ 66,899	$ 76,661
Interest	126,185	101,615	83,006	78,320	60,316
Changes in actuarial assumptions	58,493	(41,423)	–	(34,684)	25,785
Plan changes	–	(396,856)	–	–	–
Differences between expected and actual economic experience	–	(373,520)	250,876	(19,721)	–
Benefit payments	(274,805)	(435,686)	(411,363)	(667,973)	(245,176)
Net change in total pension liability	44,407	(1,076,998)	(6,543)	(577,159)	(82,414)
Total pension liability – beginning of year	3,606,959	3,651,366	2,574,368	2,567,825	1,990,666
Total pension liability – end of year	$ 3,651,366	$ 2,574,368	$ 2,567,825	$ 1,990,666	$ 1,908,252
Covered-employee payroll	$ 82,208,486	$ 86,224,567	$ 88,811,304	$ 99,534,669	$102,520,709
Total pension liability as a percentage of covered-employee payroll	4.44%	2.99%	2.89%	2.00%	1.86%

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Net
OPEB Liability and Related Ratios
Year Ended June 30, 2021

	District Fiscal Year-End Date			
	2018	2019	2020	2021
Total OPEB liability				
Service cost	$ 1,236,066	$ 1,333,395	$ 1,622,478	$ 1,715,560
Interest	592,549	625,359	616,829	499,922
Assumption changes	–	300,487	(149,109)	182,576
Plan changes	–	–	132,770	–
Differences between expected and actual experience	–	–	(247,006)	–
Benefit payments	(902,303)	(1,013,163)	(1,081,042)	(1,191,062)
Net change in total OPEB liability	926,312	1,246,078	894,920	1,206,996
Total OPEB liability – beginning of year	16,639,231	17,565,543	18,811,621	19,706,541
Total OPEB liability – end of year	17,565,543	18,811,621	19,706,541	20,913,537
Plan fiduciary net position				
Contributions	4,000,000	1,013,163	790,000	1,191,062
Investment earnings	1,479	118,217	144,173	138,028
Differences between expected and actual experience	–	–	15,312	702,796
Benefit payments	(902,303)	(1,013,163)	(1,081,042)	(1,191,062)
Administrative expense	(895)	(12,653)	(5,000)	(5,000)
Net change in plan fiduciary net position	3,098,281	105,564	(136,557)	835,824
Plan fiduciary net position – beginning of year	–	3,098,281	3,203,845	3,067,288
Plan fiduciary net position – end of year	3,098,281	3,203,845	3,067,288	3,903,112
Net OPEB liability	$ 14,467,262	$ 15,607,776	$ 16,639,253	$ 17,010,425
Plan fiduciary net position as a percentage of the total OPEB liability	17.64%	17.03%	15.56%	18.66%
Covered-employee payroll	$ 123,806,902	$ 127,521,109	$ 141,896,848	$ 146,153,753
Net OPEB liability as a percentage of covered-employee payroll	11.69%	12.24%	11.73%	11.64%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018, when the District established the OPEB Trust. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 833

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2021

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2018	1.80 %
2019	3.40 %
2020	5.00 %
2021	27.40 %

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 833

Notes to Required Supplementary Information
June 30, 2021

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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.

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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

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.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2018 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

INDEPENDENT SCHOOL DISTRICT NO. 833

Notes to Required Supplementary Information (continued)
June 30, 2021

PENSION BENEFITS PLAN

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- 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 (General, Teachers) 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.
- The discount rate was changed from 3.40 percent to 3.10 percent.

2017 CHANGES IN PLAN PROVISIONS

- The matching contribution for teachers hired after July 1, 1991 increased. The matching contribution is an offset to the GASB Statement No. 73 benefit. Due to the amount of the increase, the number of teachers with zero liability (i.e., they are assumed to have accumulated $22,500 in matching contributions before reaching benefit eligibility) increased from 67 to 615.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- Retirement rates now begin at age 55, even if the years of service requirement to receive a GASB Statement No. 73 benefit has not been met.
- The discount rate was changed from 3.50 percent to 2.90 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.20 percent.

2020 CHANGES IN PLAN PROVISIONS

- A post-employment medical subsidy was added for Tier 1 employees.

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 (General, Teachers) 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.
- The discount rate was changed from 3.10 percent to 2.40 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.40 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- The Tier 1 post-retirement subsidy was removed for future retirees.
- The subsidized benefit eligibility for principals was changed from age 55 with 10 years of service, to age 55 with no service requirement.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-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.
- The discount rate was changed from 3.50 percent to 3.40 percent.

SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 833

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2021

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 417,471	$ 1,101,081	$ 1,518,552
Receivables			
Current taxes	–	805,814	805,814
Delinquent taxes	–	11,286	11,286
Accounts and interest	34	2,186	2,220
Due from other governmental units	1,001,839	360,505	1,362,344
Inventory	157,612	–	157,612
Prepaid items	83,940	91,779	175,719
Total assets	$ 1,660,896	$ 2,372,651	$ 4,033,547
Liabilities			
Salaries payable	$ 24,355	$ 361,579	$ 385,934
Accounts and contracts payable	131,777	281,969	413,746
Due to other governmental units	–	23,382	23,382
Unearned revenue	430,964	43,111	474,075
Total liabilities	587,096	710,041	1,297,137
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	–	5,686	5,686
Property taxes levied for subsequent year	–	1,498,633	1,498,633
Total deferred inflows of resources	–	1,504,319	1,504,319
Fund balances (deficit)			
Nonspendable	241,552	91,779	333,331
Restricted	832,248	2,252,909	3,085,157
Unassigned	–	(2,186,397)	(2,186,397)
Total fund balances	1,073,800	158,291	1,232,091
Total liabilities, deferred inflows of resources, and fund balances	$ 1,660,896	$ 2,372,651	$ 4,033,547

INDEPENDENT SCHOOL DISTRICT NO. 833

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2021

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 1,662,473	$ 1,662,473
Investment earnings	192	4	196
Other	457,280	4,787,256	5,244,536
State sources	–	2,486,710	2,486,710
Federal sources	5,768,855	705,224	6,474,079
Total revenue	6,226,327	9,641,667	15,867,994
Expenditures			
Current			
Food service	5,963,945	–	5,963,945
Community service	–	10,300,638	10,300,638
Capital outlay	209	20,687	20,896
Total expenditures	5,964,154	10,321,325	16,285,479
Excess (deficiency) of revenue over expenditures	262,173	(679,658)	(417,485)
Other financing sources			
Transfers in	–	500,000	500,000
Net change in fund balances	262,173	(179,658)	82,515
Fund balances			
Beginning of year	811,627	337,949	1,149,576
End of year	$ 1,073,800	$ 158,291	$ 1,232,091

INDEPENDENT SCHOOL DISTRICT NO. 833

General Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	$ 38,569,636	$ 34,688,574
Cash and investments held by trustee	493,256	492,746
Receivables		
Current taxes	35,011,302	34,462,198
Delinquent taxes	385,575	331,203
Accounts and interest	220,686	155,457
Due from other governmental units	20,010,431	21,534,620
Due from other funds	–	291,042
Inventory	244,470	168,028
Prepaid items	3,770,910	1,623,474
Total assets	$ 98,706,266	$ 93,747,342
Liabilities		
Salaries payable	$ 10,952,924	$ 10,902,848
Accounts and contracts payable	7,306,800	6,271,290
Due to other governmental units	996,165	848,518
Unearned revenue	426,911	853,237
Total liabilities	19,682,800	18,875,893
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	207,660	217,875
Property taxes levied for subsequent year	60,950,789	58,640,337
Total deferred inflows of resources	61,158,449	58,858,212
Fund balances (deficit)		
Nonspendable for inventory	244,470	168,028
Nonspendable for prepaid items	3,770,910	1,623,474
Restricted for student activities	582,168	589,390
Restricted for scholarships	4,750	4,750
Restricted for staff development	1,354,016	926,249
Restricted for capital projects levy	258,618	195,102
Restricted for operating capital	126,815	838,788
Restricted for state-approved alternative program	808,017	1,030,425
Restricted for achievement and integration	–	130,730
Restricted for safe schools levy	389,289	111,919
Restricted for basic skills extended time	234,838	264,585
Restricted for community arts center	30,683	30,683
Committed for ATPPS	195,613	155,645
Committed for donations/gifts	588,893	595,255
Committed for school budget carryover	1,595,253	1,806,646
Assigned for subsequent year's budget	–	6,819,346
Unassigned – long-term facilities maintenance restricted account deficit	(331,039)	(101,643)
Unassigned	8,011,723	823,865
Total fund balances	17,865,017	16,013,237
Total liabilities, deferred inflows of resources, and fund balances	$ 98,706,266	$ 93,747,342

INDEPENDENT SCHOOL DISTRICT NO. 833

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 62,847,585	$ 63,074,915	$ 227,330	$ 58,331,931
Investment earnings	400,500	20,709	(379,791)	684,578
Other	2,074,851	3,279,065	1,204,214	3,944,781
State sources	187,426,751	186,783,809	(642,942)	182,356,521
Federal sources	10,155,542	10,494,910	339,368	5,181,480
Total revenue	262,905,229	263,653,408	748,179	250,499,291
Expenditures				
Current				
Administration	9,521,324	9,319,638	(201,686)	9,111,780
District support services	9,964,027	10,085,897	121,870	8,615,747
Elementary and secondary regular instruction	118,354,070	116,965,391	(1,388,679)	114,653,882
Vocational education instruction	2,105,964	2,136,507	30,543	2,293,993
Special education instruction	49,944,468	48,244,767	(1,699,701)	45,976,533
Community service	231,562	256,754	25,192	215,746
Instructional support services	14,497,593	13,406,693	(1,090,900)	11,519,455
Pupil support services	26,560,717	25,984,163	(576,554)	25,621,566
Sites and buildings	32,136,110	32,788,834	652,724	26,701,248
Fiscal and other fixed cost programs	551,500	498,953	(52,547)	296,593
Debt service				
Principal	3,443,374	3,552,359	108,985	3,880,918
Interest and fiscal charges	797,295	833,629	36,334	864,012
Total expenditures	268,108,004	264,073,585	(4,034,419)	249,751,473
Excess (deficiency) of revenue over expenditures	(5,202,775)	(420,177)	4,782,598	747,818
Other financing sources (uses)				
Capital leases issued	1,610,000	2,690,965	1,080,965	2,418,602
Proceeds from sale of assets	1,200	80,992	79,792	180,897
Transfers (out)	–	(500,000)	(500,000)	(3,891,647)
Total other financing sources (uses)	1,611,200	2,271,957	660,757	(1,292,148)
Net change in fund balances	$ (3,591,575)	1,851,780	$ 5,443,355	(544,330)
Fund balances				
Beginning of year		16,013,237		16,557,567
End of year		$ 17,865,017		$ 16,013,237

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	$ 417,471	$ 921,857
Receivables		
Accounts and interest	34	1,018
Due from other governmental units	1,001,839	311,304
Inventory	157,612	155,429
Prepaid items	83,940	22,884
Total assets	$ 1,660,896	$ 1,412,492
Liabilities		
Salaries payable	$ 24,355	$ 39,933
Accounts and contracts payable	131,777	93,575
Unearned revenue	430,964	467,357
Total liabilities	587,096	600,865
Fund balances		
Nonspendable for inventory	157,612	155,429
Nonspendable for prepaid items	83,940	22,884
Restricted for food service	832,248	633,314
Total fund balances	1,073,800	811,627
Total liabilities and fund balances	$ 1,660,896	$ 1,412,492

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 1,000	$ 192	$ (808)	$ 19,991
Other – primarily meal sales	322,600	457,280	134,680	4,365,424
State sources	–	–	–	365,778
Federal sources	5,929,332	5,768,855	(160,477)	2,942,978
Total revenue	6,252,932	6,226,327	(26,605)	7,694,171
Expenditures				
Current				
Salaries	2,239,342	2,166,694	(72,648)	2,692,833
Employee benefits	1,140,747	1,144,419	3,672	1,184,460
Purchased services	198,250	197,641	(609)	357,842
Supplies and materials	2,408,946	2,442,210	33,264	3,256,847
Other expenditures	414,527	12,981	(401,546)	423,305
Capital outlay	43,577	209	(43,368)	213,330
Total expenditures	6,445,389	5,964,154	(481,235)	8,128,617
Net change in fund balances	$ (192,457)	262,173	$ 454,630	(434,446)
Fund balances				
Beginning of year		811,627		1,246,073
End of year		$ 1,073,800		$ 811,627

INDEPENDENT SCHOOL DISTRICT NO. 833

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	$ 1,101,081	$ 1,223,557
Receivables		
Current taxes	805,814	921,062
Delinquent taxes	11,286	10,715
Accounts and interest	2,186	1,581
Due from other governmental units	360,505	299,487
Prepaid items	91,779	9,559
Total assets	$ 2,372,651	$ 2,465,961
Liabilities		
Salaries payable	$ 361,579	$ 304,803
Accounts and contracts payable	281,969	133,554
Due to other governmental units	23,382	15,904
Unearned revenue	43,111	6,200
Total liabilities	710,041	460,461
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	5,686	6,795
Property taxes levied for subsequent year	1,498,633	1,660,756
Total deferred inflows of resources	1,504,319	1,667,551
Fund balances (deficit)		
Nonspendable for prepaid items	91,779	9,559
Restricted for community education programs	1,784,670	1,939,101
Restricted for early childhood family education programs	290,538	170,194
Restricted for adult basic education	177,701	165,405
Unassigned – school readiness restricted account deficit	(1,274,893)	(1,106,783)
Unassigned – community service restricted account deficit	(911,504)	(839,527)
Total fund balances	158,291	337,949
Total liabilities, deferred inflows of resources, and fund balances	$ 2,372,651	$ 2,465,961

INDEPENDENT SCHOOL DISTRICT NO. 833

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 1,686,382	$ 1,662,473	$ (23,909)	$ 1,734,924
Investment earnings	–	4	4	1,593
Other – primarily tuition and fees	4,852,488	4,787,256	(65,232)	8,956,677
State sources	2,518,148	2,486,710	(31,438)	2,501,497
Federal sources	280,286	705,224	424,938	66,549
Total revenue	9,337,304	9,641,667	304,363	13,261,240
Expenditures				
Current				
Salaries	6,089,011	6,720,184	631,173	8,846,850
Employee benefits	2,159,447	2,218,277	58,830	2,602,565
Purchased services	549,623	984,331	434,708	1,587,072
Supplies and materials	262,588	373,337	110,749	646,627
Other expenditures	6,370	4,509	(1,861)	9,431
Capital outlay	20,401	20,687	286	146,585
Total expenditures	9,087,440	10,321,325	1,233,885	13,839,130
Excess (deficiency) of revenue over expenditures	249,864	(679,658)	(929,522)	(577,890)
Other financing sources				
Transfers in	–	500,000	500,000	400,000
Net change in fund balances	$ 249,864	(179,658)	$ (429,522)	(177,890)
Fund balances				
Beginning of year		337,949		515,839
End of year		$ 158,291		$ 337,949

INDEPENDENT SCHOOL DISTRICT NO. 833

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	$ 18,565,068	$ 32,801,563
Cash and investments held by trustee	592,188	1,084,758
Receivables		
Due from other governmental units	342,539	375,929
Total assets	$ 19,499,795	$ 34,262,250
Liabilities		
Accounts and contracts payable	$ 721,805	$ 8,921,638
Fund balances		
Restricted for projects funded by certificates of participation	1,056,023	1,085,166
Restricted for long-term facilities maintenance	17,691,713	24,105,755
Restricted for building construction	30,254	149,691
Total fund balances	18,777,990	25,340,612
Total liabilities and fund balances	$ 19,499,795	$ 34,262,250

INDEPENDENT SCHOOL DISTRICT NO. 833

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 120,000	$ 11,646	$ (108,354)	$ 210,387
Other	65,000	65,000	–	1,250
Total revenue	185,000	76,646	(108,354)	211,637
Expenditures				
Capital outlay				
Salaries	–	1,705	1,705	12,895
Employee benefits	–	255	255	1,906
Purchased services	6,716,461	6,480,031	(236,430)	22,041,368
Supplies and materials	–	–	–	4,997
Capital expenditures	300,000	157,277	(142,723)	3,562,519
Debt service				
Fiscal charges and other	–	–	–	154,561
Total expenditures	7,016,461	6,639,268	(377,193)	25,778,246
Excess (deficiency) of revenue over expenditures	(6,831,461)	(6,562,622)	268,839	(25,566,609)
Other financing sources				
Bonds issued	–	–	–	26,550,000
Premium on debt issued	–	–	–	1,231,122
Transfers in	–	–	–	3,491,647
Total other financing sources	–	–	–	31,272,769
Net change in fund balances	$ (6,831,461)	(6,562,622)	$ 268,839	5,706,160
Fund balances				
Beginning of year		25,340,612		19,634,452
End of year		$ 18,777,990		$ 25,340,612

INDEPENDENT SCHOOL DISTRICT NO. 833

Debt Service Fund
Comparative Balance Sheet
as of June 30, 2021 and 2020

	2021	2020
Assets		
Cash and temporary investments	$ 19,442,864	$ 18,281,633
Receivables		
Current taxes	16,171,476	15,826,189
Delinquent taxes	200,144	191,330
Accounts and interest	17	307
Due from other governmental units	118,000	690,146
Total assets	$ 35,932,501	$ 34,989,605
Liabilities		
Accounts and contracts payable	$ 300	$ 6,300
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	94,525	115,962
Property taxes levied for subsequent year	29,924,971	28,407,882
Total deferred inflows of resources	30,019,496	28,523,844
Fund balances		
Restricted for debt service	5,912,705	6,459,461
Total liabilities, deferred inflows of resources, and fund balances	$ 35,932,501	$ 34,989,605

INDEPENDENT SCHOOL DISTRICT NO. 833

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2021
(With Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 28,397,000	$ 28,300,783	$ (96,217)	$ 28,802,304
Investment earnings	55,000	2,379	(52,621)	55,548
State sources	1,238,000	1,179,995	(58,005)	1,218,219
Federal sources	1,125,000	1,127,432	2,432	1,130,756
Total revenue	30,815,000	30,610,589	(204,411)	31,206,827
Expenditures				
Debt service				
Principal	18,805,000	18,805,000	–	17,355,000
Interest	12,338,399	12,338,399	–	12,824,420
Fiscal charges and other	25,000	13,946	(11,054)	24,251
Total expenditures	31,168,399	31,157,345	(11,054)	30,203,671
Excess (deficiency) of revenue over expenditures	(353,399)	(546,756)	(193,357)	1,003,156
Other financing sources				
Premium on debt issued	–	–	–	710,444
Net change in fund balances	$ (353,399)	(546,756)	$ (193,357)	1,713,600
Fund balances				
Beginning of year		6,459,461		4,745,861
End of year		$ 5,912,705		$ 6,459,461

INDEPENDENT SCHOOL DISTRICT NO. 833

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2021
(With Comparative Totals as of June 30, 2020)

	Severance Benefits	Pension Benefits	Totals 2021	Totals 2020
Assets				
Current assets				
Cash and temporary investments	$ 2,228,742	$ 1,687,620	$ 3,916,362	$ 4,423,183
Receivables				
Accounts and interest	6	10	16	436
Total current assets	2,228,748	1,687,630	3,916,378	4,423,619
Deferred outflows of resources				
Pension plan deferments	–	321,390	321,390	288,069
Liabilities				
Current liabilities				
Severance benefits	203,669	–	203,669	357,944
Total pension liability	–	264,909	264,909	–
Total current liabilities	203,669	264,909	468,578	357,944
Long-term liabilities				
Severance benefits	1,974,695	–	1,974,695	1,883,056
Total pension liability	–	1,643,343	1,643,343	1,990,666
Total long-term liabilities	1,974,695	1,643,343	3,618,038	3,873,722
Total liabilities	2,178,364	1,908,252	4,086,616	4,231,666
Deferred inflows of resources				
Pension plan deferments	–	–	–	27,202
Net position				
Unrestricted	$ 50,384	$ 100,768	$ 151,152	$ 452,820

INDEPENDENT SCHOOL DISTRICT NO. 833

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Severance Benefits	Pension Benefits	Totals 2021	Totals 2020
Operating revenue				
Contributions from governmental funds	$ –	$ –	$ –	$ –
Operating expenses				
Severance benefits	164,414	–	164,414	683,294
Pension benefits	–	139,460	139,460	121,916
Total operating expenses	164,414	139,460	303,874	805,210
Operating income (loss)	(164,414)	(139,460)	(303,874)	(805,210)
Nonoperating revenue				
Investment earnings	735	1,471	2,206	71,503
Income (loss) before transfers	(163,679)	(137,989)	(301,668)	(733,707)
Transfers in	63,123	–	63,123	240,867
Transfers (out)	–	(63,123)	(63,123)	(240,867)
Change in net position	(100,556)	(201,112)	(301,668)	(733,707)
Net position				
Beginning of year	150,940	301,880	452,820	1,186,527
End of year	$ 50,384	$ 100,768	$ 151,152	$ 452,820

INDEPENDENT SCHOOL DISTRICT NO. 833

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Severance Benefits	Pension Benefits	Totals 2021	Totals 2020
Cash flows from operating activities				
Severance benefit payments	$ (227,050)	$ –	$ (227,050)	$ (152,632)
Pension benefit payments	–	(282,397)	(282,397)	(245,176)
Net cash flows from operating activities	(227,050)	(282,397)	(509,447)	(397,808)
Cash flows from noncapital financial activities				
Transfer in	63,123	–	63,123	240,867
Transfer (out)	–	(63,123)	(63,123)	(240,867)
Net cash flows from noncapital financing activities	63,123	(63,123)	–	–
Cash flows from investing activities				
Interest on investments	874	1,752	2,626	71,745
Net change in cash and cash equivalents	(163,053)	(343,768)	(506,821)	(326,063)
Cash and cash equivalents				
Beginning of year	2,391,795	2,031,388	4,423,183	4,749,246
End of year	$ 2,228,742	$ 1,687,620	$ 3,916,362	$ 4,423,183
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ (164,414)	$ (139,460)	$ (303,874)	$ (805,210)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets, liabilities, and deferred outflows/inflows of resources				
Deferred outflows of resources	–	(33,321)	(33,321)	426,697
Severance benefits	(62,636)	–	(62,636)	530,662
Total pension liability	–	(82,414)	(82,414)	(577,159)
Deferred inflows of resources	–	(27,202)	(27,202)	27,202
Net cash flows from operating activities	$ (227,050)	$ (282,397)	$ (509,447)	$ (397,808)

Section III

Statistical

COTTAGE GROVE | NEWPORT | ST. PAUL PARK | WOODBURY | AFTON | DENMARK | GREY CLOUD ISLAND

STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 833's (the District) Annual Comprehensive Financial Report (ACFR) 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

Financial Trends

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

These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.

Debt Capacity

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

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

These schedules contain service and infrastructure data to help the reader understand how the information in the District's ACFR 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 ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	$ 50,633,665	$ 55,788,399	$ 62,066,067	$ 67,105,680	$ 85,486,603	$ 97,078,662	$ 105,081,336	$ 116,655,557	$ 132,577,651	$ 147,166,352
Restricted	7,224,679	7,969,499	6,717,236	5,307,406	7,985,002	8,559,909	10,386,276	10,961,643	9,414,319	9,195,650
Unrestricted	41,564,392	33,224,612	21,345,431	(116,559,725)	(123,762,639)	(190,064,192)	(265,309,406)	(207,236,646)	(222,524,651)	(232,200,378)
Total governmental activities net position	$ 99,422,736	$ 96,982,510	$ 90,128,734	$ (44,146,639)	$ (30,291,034)	$ (84,425,621)	$ (149,841,794)	$ (79,619,446)	$ (80,532,681)	$ (75,838,376)

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 $133,694,258.

Note 2: The District implemented GASB Statement No. 73 in fiscal 2017. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by $3,250,849.

Note 3: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing these standards that decreased unrestricted net position by $13,473,303.

Note 4: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased net position by $588,951.

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Expenses										
Administration	$ 6,804,171	$ 7,050,311	$ 7,360,847	$ 7,532,409	$ 8,060,524	$ 10,381,871	$ 10,744,172	$ 7,032,372	$ 9,883,818	$ 9,747,835
District support services	3,911,630	4,018,082	3,740,490	5,376,819	6,414,735	6,596,898	7,273,325	6,983,278	9,395,684	10,219,913
Elementary and secondary regular instruction	88,058,900	92,521,117	95,372,479	98,375,195	100,748,199	148,539,553	151,918,411	74,877,601	125,366,665	125,296,178
Vocational education instruction	1,717,365	1,740,819	2,177,553	2,205,777	2,313,645	2,685,595	2,734,373	1,819,974	2,408,899	2,223,916
Special education instruction	23,604,017	25,962,043	29,637,200	31,977,796	34,696,192	50,522,278	53,186,820	31,196,045	49,287,686	50,704,044
Instructional support services	8,523,989	9,113,915	9,413,500	9,562,822	9,842,037	13,144,802	13,571,859	7,976,321	12,418,831	14,077,898
Pupil support services	17,762,412	18,413,745	19,096,318	20,109,824	19,090,739	24,295,235	23,436,936	21,297,476	26,083,455	24,694,288
Sites and buildings	19,307,770	19,778,272	22,213,724	22,005,923	20,099,373	23,711,287	25,062,057	26,674,277	28,701,498	33,719,382
Fiscal and other fixed cost programs	397,742	431,469	475,441	575,898	318,258	493,785	494,905	528,945	296,593	498,953
Food service	7,520,073	7,806,312	8,490,573	9,163,254	8,651,331	9,508,533	9,453,626	9,758,244	8,287,370	6,064,857
Community service	11,558,180	12,430,058	12,999,994	12,359,513	13,312,337	16,767,322	16,319,158	13,480,226	14,692,539	10,777,411
Depreciation not included in other functions	8,945,019	9,231,034	9,329,886	9,217,946	8,997,829	8,894,001	8,820,668	8,735,469	8,417,009	8,223,007
Interest and fiscal charges	13,100,740	11,796,212	11,590,377	11,615,626	10,964,797	15,903,275	10,897,334	9,337,121	9,416,042	9,657,351
Total governmental activities expenses	211,212,008	220,293,389	231,898,382	240,078,802	243,509,996	331,444,435	333,913,644	219,697,349	304,656,089	305,905,033
Program revenues										
Charges for services										
Food service	4,945,351	5,140,646	5,317,906	5,362,540	5,929,451	6,265,612	6,204,513	6,267,966	4,365,424	457,280
Community service	8,817,171	9,547,111	9,616,643	8,969,973	10,012,263	10,587,395	10,704,967	11,387,865	8,956,677	4,787,256
All other	1,180,515	1,119,080	1,242,491	1,206,308	1,608,938	3,840,898	1,935,558	1,911,827	1,772,190	1,244,990
Operating grants and contributions	34,410,790	39,448,027	39,081,056	46,117,949	46,131,521	51,670,670	54,861,148	57,205,946	59,338,676	63,951,797
Total governmental activities program revenues	49,353,827	55,254,864	55,258,096	61,656,770	63,682,173	72,364,575	73,706,186	76,773,604	74,432,967	70,441,323
Net (expense) revenue	(161,858,181)	(165,038,525)	(176,640,286)	(178,422,032)	(179,827,823)	(259,079,860)	(260,207,458)	(142,923,745)	(230,223,122)	(235,463,710)
General revenues and other changes in net position										
Taxes										
Property taxes levied for general purposes	27,927,885	27,046,036	17,273,471	28,675,307	28,665,427	43,123,208	43,556,419	54,158,534	58,304,158	63,064,700
Property taxes levied for community service	1,277,741	1,312,685	675,875	1,337,276	1,327,464	1,376,364	1,441,912	1,440,413	1,735,026	1,661,364
Property taxes levied for capital projects	–	1,306,697	1,063,625	434,612	2,089,950	–	–	–	–	–
Property taxes levied for debt service	23,546,002	24,174,245	24,935,744	25,859,959	26,834,502	28,683,471	28,089,094	26,940,397	28,792,534	28,279,346
General grants and aids	106,110,510	106,799,031	123,100,301	118,753,997	122,563,945	130,278,195	130,718,982	125,508,579	136,490,880	144,954,814
Other general revenues	3,543,466	1,956,699	2,582,363	2,598,100	2,267,072	3,365,486	2,748,456	3,092,200	2,354,738	2,160,655
Investment earnings	1,338,373	2,906	155,131	181,666	580,418	1,369,398	1,709,725	2,005,970	1,043,600	37,136
Special item – joint school proceeds	–	–	–	–	9,354,650	–	–	–	–	–
Total general revenues and other changes in net position	163,743,977	162,598,299	169,786,510	177,840,917	193,683,428	208,196,122	208,264,588	213,146,093	228,720,936	240,158,015
Change in net position	$ 1,885,796	$ (2,440,226)	$ (6,853,776)	$ (581,115)	$ 13,855,605	$ (50,883,738)	$ (51,942,870)	$ 70,222,348	$ (1,502,186)	$ 4,694,305

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INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Property Tax				
Fiscal Year	General Purposes	Community Service	Capital Projects	Debt Service	Total
2012	$ 27,927,885	$ 1,277,741	$ –	$ 23,546,002	$ 52,751,628
2013	27,046,036	1,312,685	1,306,697	24,174,245	53,839,663
2014	17,273,471	675,875	1,063,625	24,935,744	43,948,715
2015	28,675,307	1,337,276	434,612	25,859,959	56,307,154
2016	28,665,427	1,327,464	2,089,950	26,834,502	58,917,343
2017	43,123,208	1,376,364	–	28,683,471	73,183,043
2018	43,556,419	1,441,912	–	28,089,094	73,087,425
2019	54,158,534	1,440,413	–	26,940,397	82,539,344
2020	58,304,158	1,735,026	–	28,792,534	88,831,718
2021	63,064,700	1,661,364	–	28,279,346	93,005,410

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 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. 833

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	$ 1,125,484	$ 1,105,277	$ 1,135,917	$ 2,949,314	$ 3,139,510	$ 3,257,797	$ 1,396,426	$ 1,952,300	$ 1,791,502	$ 4,015,380
Restricted	2,188,743	2,886,060	1,155,136	3,250,381	5,232,246	5,647,049	6,340,938	7,209,146	4,122,621	3,789,194
Committed	4,188,228	3,899,880	3,531,073	1,611,060	2,848,063	2,349,140	2,698,868	2,384,590	2,557,546	2,379,759
Assigned	3,988,180	2,598,614	1,068,692	2,506,731	–	–	–	1,147,687	6,819,346	–
Unassigned	8,245,358	3,393,447	2,594,734	–	(3,916,752)	(3,836,289)	(2,023,983)	3,274,893	722,222	7,680,684
Total General Fund	$ 19,735,993	$ 13,883,278	$ 9,485,552	$ 10,317,486	$ 7,303,067	$ 7,417,697	$ 8,412,249	$ 15,968,616	$ 16,013,237	$ 17,865,017
All other governmental funds										
Nonspendable	$ 187,405	$ 319,142	$ 322,357	$ 311,391	$ 282,171	$ 342,224	$ 170,050	$ 153,456	$ 187,872	$ 333,331
Restricted	16,691,364	11,824,838	30,934,103	53,227,317	206,999,874	222,113,714	67,870,978	27,972,661	34,708,087	27,775,852
Unassigned – special revenue funds and capital projects fund	(175,737)	(391,720)	(902,741)	(1,326,400)	(1,640,601)	(2,055,699)	(2,023,454)	(1,983,892)	(1,946,310)	(2,186,397)
Total all other governmental funds	$ 16,703,032	$ 11,752,260	$ 30,353,719	$ 52,212,308	$ 205,641,444	$ 220,400,239	$ 66,017,574	$ 26,142,225	$ 32,949,649	$ 25,922,786
Total all governmental funds	$ 36,439,025	$ 25,635,538	$ 39,839,271	$ 62,529,794	$ 212,944,511	$ 227,817,936	$ 74,429,823	$ 42,110,841	$ 48,962,886	$ 43,787,803

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Local sources										
Property taxes	$ 53,398,487	$ 54,114,344	$ 44,086,418	$ 56,771,747	$ 58,998,316	$ 73,186,254	$ 73,078,706	$ 82,457,714	$ 88,869,159	$ 93,038,171
Investment earnings	271,107	33,466	76,020	86,803	566,696	1,304,737	1,613,056	1,902,342	972,097	34,930
Other	18,486,503	17,763,536	18,759,403	18,136,921	19,629,349	23,623,131	21,593,494	22,568,511	17,268,132	8,588,601
State sources	130,985,867	138,316,987	154,160,144	156,896,497	160,752,665	167,784,753	177,134,941	183,285,828	186,442,015	190,450,514
Federal sources	9,535,433	7,930,071	8,021,213	7,692,816	7,942,801	8,771,312	8,505,160	8,132,815	9,321,763	18,096,421
Total revenues	212,677,397	218,158,404	225,103,198	239,584,784	247,889,827	274,670,187	281,925,357	298,347,210	302,873,166	310,208,637
Expenditures										
Current										
Administration	6,834,030	6,885,574	7,279,625	7,527,157	7,892,778	8,197,267	8,391,487	8,871,322	9,111,780	9,319,638
District support services	3,932,209	4,126,221	3,723,231	5,405,748	6,523,030	6,307,421	6,104,486	7,250,605	8,615,747	10,085,897
Elementary and secondary regular instruction	87,351,693	91,084,361	92,903,232	97,894,964	98,789,970	107,854,344	108,625,608	112,913,156	114,653,882	116,965,391
Vocational education instruction	1,717,365	1,740,819	2,177,553	2,219,972	2,317,450	2,206,298	2,278,393	2,230,094	2,293,993	2,136,507
Special education instruction	23,732,334	25,956,261	29,648,664	32,318,511	34,778,587	39,392,782	41,742,679	42,977,635	45,976,533	48,244,767
Instructional support services	8,573,910	9,121,267	9,429,549	9,624,579	9,845,835	10,306,731	10,573,054	10,871,937	11,519,455	13,406,693
Pupil support services	17,473,201	18,382,511	18,964,817	19,998,559	19,897,703	21,088,490	21,729,157	23,155,824	25,621,566	25,984,163
Sites and buildings	19,728,887	18,770,018	21,214,467	19,235,624	30,054,434	23,601,889	22,792,237	22,303,436	26,701,248	32,788,834
Fiscal and other fixed cost programs	397,742	431,469	475,441	575,898	318,258	493,785	494,905	528,945	296,593	498,953
Food service	7,323,687	7,534,746	7,905,963	8,733,963	8,442,308	8,942,896	9,100,783	9,414,128	7,915,287	5,963,945
Community service	11,378,251	12,204,906	12,761,208	12,199,272	13,046,284	14,775,151	14,243,337	14,888,937	13,908,291	10,557,392
Capital outlay	14,170,324	7,168,443	3,625,881	12,365,749	26,906,115	29,648,166	58,549,709	41,314,572	25,983,600	6,660,164
Debt service										
Principal	11,141,959	14,187,625	15,901,988	19,522,458	16,895,781	18,886,010	19,367,531	20,011,552	21,235,918	22,357,359
Interest and fiscal charges	15,214,160	12,632,458	12,433,570	12,295,560	12,855,423	17,241,055	18,004,042	14,043,337	13,867,244	13,185,974
Total expenditures	228,969,752	230,226,679	238,445,189	259,918,014	288,563,956	308,942,285	341,997,408	330,775,480	327,701,137	318,155,677
Excess (deficiency) of revenues over expenditures	(16,292,355)	(12,068,275)	(13,341,991)	(20,333,230)	(40,674,129)	(34,272,098)	(60,072,051)	(32,428,270)	(24,827,971)	(7,947,040)
Other financing sources (uses)										
Bonds issued	6,150,000	–	20,510,000	–	101,615,000	–	22,580,000	–	26,550,000	–
Refunding bonds issued	8,440,000	–	–	32,695,000	73,460,000	33,035,000	–	25,790,000	–	–
Certificates of participation issued	–	–	–	–	13,200,000	6,995,000	–	–	–	–
Premium on debt issued	93,657	–	429,342	4,001,004	24,942,087	5,494,553	1,069,773	2,307,941	1,941,566	–
Capital leases issued	4,100,000	1,264,788	2,606,382	2,268,000	4,763,734	3,184,710	1,884,165	–	2,418,602	2,690,965
Payment to refunded bond escrow agent	(51,005,000)	–	–	–	(36,435,000)	–	(118,850,000)	(28,080,000)	–	–
Proceeds from sale of assets	–	–	–	59,749	188,375	436,260	–	91,347	180,897	80,992
Transfers in	139,164	–	4,144,517	4,000,000	–	–	354,611	–	3,891,647	500,000
Transfers out	(139,164)	–	(144,517)	–	–	–	(354,611)	–	(3,891,647)	(500,000)
Total other financing sources (uses)	(32,221,343)	1,264,788	27,545,724	43,023,753	181,734,196	49,145,523	(93,316,062)	109,288	31,091,065	2,771,957
Net change in fund balances before special item	(48,513,698)	(10,803,487)	14,203,733	22,690,523	141,060,067	14,873,425	(153,388,113)	(32,318,982)	6,263,094	(5,175,083)
Special item – joint school proceeds	–	–	–	–	9,354,650	–	–	–	–	–
Net change in fund balances	$ (48,513,698)	$ (10,803,487)	$ 14,203,733	$ 22,690,523	$ 150,414,717	$ 14,873,425	$(153,388,113)	$ (32,318,982)	$ 6,263,094	$ (5,175,083)
Debt service as a percentage of noncapital expenditures	12.3%	12.0%	12.0%	12.7%	11.9%	13.0%	13.2%	11.6%	11.6%	11.6%

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INDEPENDENT SCHOOL DISTRICT NO. 833

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

Fiscal Year	Property Tax				
	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total
2012	$ 28,343,779	$ 1,294,368	$ –	$ 23,760,340	$ 53,398,487
2013	27,207,656	1,320,051	1,306,697	24,279,940	54,114,344
2014	17,356,331	679,486	1,063,625	24,986,976	44,086,418
2015	28,926,672	1,349,064	434,612	26,061,399	56,771,747
2016	28,704,114	1,329,610	2,089,950	26,874,642	58,998,316
2017	43,100,551	1,378,067	–	28,707,636	73,186,254
2018	43,551,656	1,441,341	–	28,085,709	73,078,706
2019	54,091,396	1,439,395	–	26,926,923	82,457,714
2020	58,331,931	1,734,924	–	28,802,304	88,869,159
2021	63,074,915	1,662,473	–	28,300,783	93,038,171

Note: The change in “tax shift,” as approved in legislation, impacted the amount of tax revenue recognized in fiscal year 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. 833

Tax Capacities and Market Values
Last Ten Fiscal Years

For Taxes Collectible	Tax Capacity Valuation: Agricultural	Nonagricultural	Fiscal Disparities: Contribution	Fiscal Disparities: Distribution	Tax Increment	Total Taxable	Total Direct Tax Rate	Taxable Market Value	Tax Capacity as a Percentage of Market Value
2012	$ 1,460,166	$ 85,636,730	$ (6,411,866)	$ 12,973,932	$ (1,367,074)	$ 92,291,888	37.894 %	$ 8,109,596,500	1.14 %
2013	1,416,082	80,294,632	(6,400,832)	11,605,924	(1,218,416)	85,697,390	41.286	7,626,898,000	1.12
2014	1,520,718	84,069,276	(6,110,679)	11,530,736	(850,053)	90,159,998	39.169	7,978,967,600	1.13
2015	1,631,755	96,283,039	(6,110,745)	11,589,664	(729,809)	102,663,904	35.675	9,098,596,000	1.13
2016	1,525,489	99,519,527	(6,241,320)	11,611,979	(807,459)	105,608,216	36.812	9,372,785,100	1.13
2017	1,598,306	103,036,166	(6,595,331)	12,705,153	(858,726)	109,885,568	34.309	9,652,063,700	1.14
2018	1,683,634	111,257,338	(7,009,757)	13,530,896	(819,974)	118,642,137	33.303	10,371,491,600	1.14
2019	1,602,386	120,117,908	(7,540,244)	14,579,885	(1,138,803)	127,621,132	34.926	11,147,246,400	1.14
2020	1,545,494	130,567,600	(7,927,755)	15,911,949	(1,475,247)	138,622,041	33.904	12,067,393,650	1.15
2021	1,680,060	139,639,744	(8,462,769)	16,551,972	(1,591,577)	147,817,430	34.181	12,833,321,500	1.15

Source: State of Minnesota School Tax Report

INDEPENDENT SCHOOL DISTRICT NO. 833

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

Rate	Tax Collection Calendar Year	ISD No. 833	Overlapping Rates Municipalities (1) Cottage Grove	Woodbury	Newport	St. Paul Park	Denmark Township	Grey Cloud Island	Afton	Washington County	Miscellaneous Other (2)	Total ISD No. 833 Resident (3)
Tax capacity rate	2012	37.894%	41.446%	35.921%	64.662%	49.481%	13.696%	27.277%	30.078%	31.939%	10.322%	121.601%
Market value rate	2012	0.19942%	–	0.02566%	–	–	–	–	–	0.00180%	–	0.20122%
Tax capacity rate	2013	41.286%	45.046%	39.440%	70.803%	57.471%	13.678%	25.691%	30.059%	34.225%	12.854%	133.411%
Market value rate	2013	0.21905%	–	0.02700%	–	–	–	–	–	0.00191%	–	0.22096%
Tax capacity rate	2014	39.169%	43.812%	38.076%	72.054%	48.754%	13.135%	26.196%	30.092%	32.811%	12.843%	128.635%
Market value rate	2014	0.22287%	–	0.02594%	–	–	–	–	–	0.00449%	–	0.22736%
Tax capacity rate	2015	35.675%	41.591%	34.657%	69.973%	45.677%	12.490%	23.580%	27.737%	30.186%	11.365%	118.817%
Market value rate	2015	0.20996%	–	0.01308%	–	–	–	–	–	0.00400%	–	0.21396%
Tax capacity rate	2016	36.812%	43.140%	35.287%	61.660%	45.560%	11.236%	23.481%	29.373%	30.564%	11.831%	122.347%
Market value rate	2016	0.33988%	–	0.01216%	–	–	–	–	–	0.00390%	–	0.34378%
Tax capacity rate	2017	34.309%	43.012%	35.219%	60.304%	43.919%	11.264%	22.455%	32.300%	30.448%	11.413%	119.181%
Market value rate	2017	0.31281%	–	0.01187%	–	–	–	–	–	0.00378%	–	0.31659%
Tax capacity rate	2018	33.303%	40.583%	33.670%	58.736%	42.591%	11.063%	21.834%	32.255%	29.983%	11.450%	115.319%
Market value rate	2018	0.37066%	–	0.01111%	–	–	–	–	–	0.00353%	–	0.37418%
Tax capacity rate	2019	34.926%	38.959%	33.177%	57.383%	43.475%	13.600%	20.238%	32.983%	29.682%	12.575%	116.142%
Market value rate	2019	0.34919%	–	0.00664%	–	–	–	–	–	0.00330%	–	0.35249%
Tax capacity rate	2020	33.904%	39.182%	32.489%	54.335%	38.689%	15.919%	23.494%	30.795%	28.944%	11.436%	113.467%
Market value rate	2020	0.32620%	–	0.00615%	–	–	–	–	–	0.00342%	–	0.32961%
Tax capacity rate	2021	34.181%	37.351%	32.298%	54.007%	39.112%	15.892%	20.852%	32.025%	27.435%	11.827%	110.795%
Market value rate	2021	0.31580%	–	0.00584%	–	–	–	–	–	0.00325%	–	0.31905%

(1) Municipalities listed include those with district learning sites.

(2) The miscellaneous other levy includes Northeast Metropolitan Intermediate School District No. 916, Metropolitan Council, Metropolitan Mosquito Control District, Transit District 509, Transit Area, Washington Co. HRA 187, Woodbury EDA, Woodbury HRA 316, Ramsey-Washington Metro Watershed District, Valley Branch Watershed District, South Washington Watershed District, and Regional Rail Authority.

(3) The City of Cottage Grove was used as the municipality for purposes of the total district residents.

Source: Washington County

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INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Taxpayers
Current Year and Nine Years Ago

		2021			2012		
Taxpayer	Type of Property	Tax Capacity	Rank	Percent of Total Tax Capacity	Tax Capacity	Rank	Percent of Total Tax Capacity
Xcel Energy	Utility	$ 2,582,776	1	1.75 %	$ 1,728,464	1	1.87 %
Grand Forest Owner, LLC	Residential	1,193,913	2	0.81	565,464	4	0.61
Woodbury Village Shopping	Commercial	899,847	3	0.61	661,756	3	0.72
Invest Woodbury I SPE, LLC	Residential	851,920	4	0.58	–	–	–
G&I X Valley Creek, LLC	Residential	826,675	5	0.56	–	–	–
3M Company	Commercial	804,480	6	0.54	700,871	2	0.76
Tilden Fundamental Barrington Apartments	Residential	611,774	7	0.41	–	–	–
Allina Health System	Commercial	496,528	8	0.34	381,760	7	0.41
Bellwood, Inc.	Commercial	482,042	9	0.33	–	–	–
St. Paul Park Refining Co., LLC	Commercial	472,893	10	0.32	385,314	6	0.42
TMF I Valley, LLC	Residential	–	–	–	411,944	5	0.45
Healtheast Properties, LLC	Commercial	–	–	–	309,494	8	0.34
TMT Woodbury Apartments, Inc.	Residential	–	–	–	298,376	9	0.32
ML Casa II, LP	Commercial	–	–	–	248,901	10	0.27
Total		$ 9,222,848		6.25 %	$ 5,692,344		6.17 %

Note: The most recent data available is used for 2021.

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 833

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

	Original Levy				Collections – First Year Levy Recognized			Total to Date		Uncollected Taxes Receivable as of June 30, 2021 – Delinquent		Current	
For Taxes Collectible	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	Amount	Percentage of Levy	Received in Subsequent Years	Amount	Percentage of Levy	Amount	Percent	Amount	Percent
2012	$ 46,267,400	$ 7,196,635	$ 10,202	$ 53,474,237	$ 52,997,555	99.1 %	$ 476,682	$ 53,474,237	100.0 %	$ –	– %	$ –	– %
2013	47,348,831	6,764,319	11,047	54,124,197	53,735,190	99.3	389,007	54,124,197	100.0	–	–	–	–
2014	48,596,750	7,360,609	11,559	55,968,918	55,629,431	99.4	339,487	55,968,918	100.0	–	–	–	–
2015	51,600,611	7,160,639	17,920	58,779,170	58,588,601	99.7	117,684	58,706,285	99.9	72,885	0.1	–	–
2016	66,435,278	6,578,305	18,900	73,032,483	72,672,119	99.5	342,139	73,014,258	100.0	18,225	–	–	–
2017	63,551,494	8,982,988	16,488	72,550,970	72,226,591	99.6	305,251	72,531,842	100.0	19,128	–	–	–
2018	73,282,732	8,846,232	151,891	82,280,855	81,900,871	99.5	335,378	82,236,249	99.9	44,606	0.1	–	–
2019	78,308,098	10,187,875	144,936	88,640,909	88,337,709	99.7	220,194	88,557,903	99.9	83,006	0.1	–	–
2020	80,850,634	11,036,527	152,170	92,039,331	91,680,176	99.6	–	91,680,176	99.6	359,155	0.4	–	–
2021	85,250,525	10,921,374	174,536	96,346,435	44,357,843	46.0	–	44,357,843	46.0	–	–	51,988,592	54.0
										$ 597,005		$ 51,988,592	

Note 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.

Note 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. 833

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Premium (Discount) on Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2012	$ 282,165,000	$ 6,911,442	$ –	$ 7,162,897	$ 296,239,339	2.34 %	$ 3,152
2013	269,700,000	6,214,757	–	6,705,060	282,619,817	2.20	2,994
2014	276,850,000	5,941,951	–	6,769,454	289,561,405	2.22	3,030
2015	292,440,000	9,239,371	–	6,619,996	308,299,367	2.19	3,140
2016	415,810,000	31,115,494	13,200,000	9,757,949	469,883,443	3.07	4,786
2017	432,570,000	33,222,354	19,450,000	11,076,649	496,319,003	3.19	5,055
2018	320,235,000	29,775,773	18,345,000	10,763,283	379,119,056	2.23	3,861
2019	301,210,000	27,092,196	17,275,000	8,556,731	354,133,927	1.90	3,607
2020	310,405,000	25,205,332	16,165,000	8,204,415	359,979,747	1.90	3,666
2021	291,600,000	22,049,294	15,005,000	8,503,021	337,157,315	N/A	3,122

N/A – Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 833

Ratio of Net General Obligation Bonded Debt
to Market Value and Net General Obligation Bonded Debt
per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Market Value	Percentage of Net Debt to Market Value	Estimated Population	Net Bonded Debt per Capita
2012	$ 289,076,442	$ 5,606,302	$ 283,470,140	$ 8,109,596,500	3.50 %	93,972	$ 3,017
2013	275,914,757	5,634,352	270,280,405	7,626,898,000	3.54	94,399	2,863
2014	282,791,951	6,464,953	276,326,998	7,978,967,600	3.46	95,556	2,892
2015	301,679,371	40,357,373	261,321,998	9,098,596,000	2.87	98,185	2,662
2016	446,925,494	89,987,868	356,937,626	9,372,785,100	3.81	98,185	3,635
2017	465,792,354	126,746,536	339,045,818	9,652,063,700	3.51	98,185	3,453
2018	350,010,773	5,379,219	344,631,554	10,371,491,600	3.32	98,185	3,510
2019	328,302,196	4,745,861	323,556,335	11,147,246,400	2.90	98,185	3,295
2020	335,610,332	6,459,461	329,150,871	12,067,393,650	2.73	98,185	3,352
2021	313,649,294	5,912,705	307,736,589	12,833,321,500	2.40	107,984	2,850

Source: Annual school district census and U.S. Census

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INDEPENDENT SCHOOL DISTRICT NO. 833

Direct and Overlapping Debt
as of June 30, 2021

Governmental Unit	Gross Bonded Debt	Percent Allocable to ISD No. 833	Portion Allocable to ISD No. 833
Independent School District No. 833	$ 313,649,294	100.00%	$ 313,649,294
Overlapping debt			
Washington County	$ 113,845,000	40.71%	46,351,423
City of Afton	$ 4,355,000	5.03%	219,213
City of Cottage Grove	$ 40,175,000	98.55%	39,592,141
City of Newport	$ 14,155,000	100.00%	14,155,000
City of St. Paul Park	$ 3,105,000	100.00%	3,105,000
City of Woodbury	$ 50,855,000	74.01%	37,636,362
Metropolitan Council	$ 193,320,000	3.03%	5,850,443
Ramsey-Washington Metro Watershed District	$ 3,472,000	57.35%	1,991,289
South Washington Watershed District	$ 2,665,000	75.47%	2,011,222
Valley Branch Watershed	$ 6,925,000	0.31%	21,481
Total overlapping debt			150,933,574
Total direct and overlapping debt			$ 464,582,868

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping entity's taxable assessed value that is within the District's boundaries and dividing it by the overlapping government's total taxable assessed value.

Source: Washington County

INDEPENDENT SCHOOL DISTRICT NO. 833

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	$ 1,216,439,475	$ 1,144,034,700	$ 1,196,845,140	$ 1,364,789,400	$ 1,405,917,765	$ 1,447,809,555	$ 1,555,723,740	$ 1,672,086,960	$ 1,810,109,048	$ 1,924,998,225
Total net debt applicable to the limit	276,558,698	264,065,648	270,385,047	252,082,627	325,822,132	305,823,464	314,855,781	296,464,139	303,945,539	285,687,295
Legal debt margin	$ 939,880,777	$ 879,969,052	$ 926,460,093	$ 1,112,706,773	$ 1,080,095,633	$ 1,141,986,091	$ 1,240,867,959	$ 1,375,622,821	$ 1,506,163,509	$ 1,639,310,930
Total net debt applicable to the limit as a percentage of debt limit	22.74%	23.08%	22.59%	18.47%	23.18%	21.12%	20.24%	17.73%	16.79%	14.84%

Legal Debt Margin Calculation for Fiscal Year 2021

Market value	$ 12,833,321,500
Debt limit (15% of market value)	1,924,998,225
Debt applicable to limit	
General obligation bonds	291,600,000
Less amount set aside for repayment of general obligation debt	(5,912,705)
Total net debt applicable to the limit	285,687,295
Legal debt margin	$ 1,639,310,930

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: District finance department.

INDEPENDENT SCHOOL DISTRICT NO. 833

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Washington County Population (1)	Washington County Personal Income (1)	Washington County Per Capita Personal Income (1)	Total ISD No. 833 Population (2)	School Enrollment (3)	Unemployment Rate (3)
2012	243,313	$ 12,642,268,000	$ 51,959	93,972	17,477	5.1 %
2013	248,095	12,838,180,000	51,747	94,399	17,649	4.4
2014	252,877	13,034,092,000	51,543	95,556	17,719	3.6
2015	250,123	14,056,242,000	56,197	98,185	17,773	3.2
2016	252,921	15,299,947,000	60,493	98,185	17,794	3.3
2017	253,128	15,579,589,000	61,548	98,185	18,178	3.0
2018	256,905	17,013,335,000	66,224	98,185	18,567	2.5
2019	261,512	18,590,419,000	71,088	98,185	18,545	2.9
2020	262,748	18,953,855,000	72,137	98,185	18,754	8.1
2021	N/A	N/A	N/A	107,984	18,497	3.9

N/A – Not Available

Sources:
(1) 2020 Annual Comprehensive Financial Report of Washington County, Minnesota
(2) Annual school district census and U.S. Census
(3) ISD No. 833 and the Bureau of Economic Analysis

INDEPENDENT SCHOOL DISTRICT NO. 833

Principal Employers
Current Year and Nine Years Ago

Employer	2021 Employees	2021 Rank	2021 Percent of Employment	2012 Employees	2012 Rank	2012 Percent of Employment
Independent School District No. 833	2,655	1	33.02 %	2,929	1	36.83 %
HealthEast Woodwinds Hospital	1,331	2	16.55	1,070	2	13.46
Bailey Nurseries, Inc.	800	3	9.95	800	3	10.06
3M Company – Cottage Grove	720	4	8.95	730	4	9.18
Hy-Vee	700	5	8.71	–	–	–
Renewal by Anderson	450	6	5.60	450	5	5.66
Woodbury Senior Living	450	6	5.60	450	5	5.66
Marathon Petroleum	335	8	4.17	302	10	3.80
Walmart Supercenter	300	9	3.73	–	–	–
Up North Plastics	300	9	3.73	–	–	–
Ecowater Systems	–	–	–	440	7	5.53
Target	–	–	–	430	8	5.41
YMCA	–	–	–	351	9	4.41
Total	8,041		100.00 %	7,952		100.00 %

Note: The statistic for total cities' employment is not available; therefore, the percentage represents the percentage of the top 10 listed.

Source: Reference USA, written and telephone survey, and the Minnesota Department of Employment and Economic Development

INDEPENDENT SCHOOL DISTRICT NO. 833

Employees by Classification
Last Ten Fiscal Years

	Fiscal Year									
Employees (1)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District directors/superintendent	15	14	14	14	13	11	13	12	13	14
Principals	41	41	43	43	43	45	47	48	47	47
Teachers, nurses, and counselors	1,267	1,280	1,350	1,373	1,373	1,402	1,406	1,419	1,433	1,446
Coordinators, supervisors, specialists, and technical support	235	240	237	244	247	256	256	275	268	257
Paraprofessionals	337	348	374	396	422	449	465	466	480	413
Food service (2)	140	148	142	129	134	130	125	129	38	81
Custodians	117	121	116	113	119	123	127	125	126	120
Bus drivers and mechanics	203	206	194	178	175	164	188	158	161	139
Community education leads and assistants	22	20	23	23	23	25	26	23	28	23
Total	2,377	2,418	2,493	2,513	2,549	2,605	2,653	2,655	2,594	2,540

(1) This schedule is a headcount based on contract group.

(2) Due to the COVID-19 pandemic, a significant number of food service employees were furloughed in 2020; many of these furloughs continued through 2021.

INDEPENDENT SCHOOL DISTRICT NO. 833
Operating Indicators by Function

Standardized Testing Rates
Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 (2)	2021
Standardized tests										
MCA Reading (1)										
Grade 3	85 %	65 %	65 %	67 %	67 %	65 %	66 %	62 %	– %	53 %
Grade 4	86	60	64	67	71	66	65	67	–	58
Grade 5	86	71	72	79	79	77	77	74	–	67
Grade 6	82	65	67	68	73	71	70	68	–	64
Grade 7	81	64	64	66	65	67	68	65	–	58
Grade 8	83	68	69	69	73	68	70	69	–	59
Grade 10	87	74	71	71	71	73	76	68	–	70
MCA Math (1)										
Grade 3	79	81	82	81	79	77	77	74	–	65
Grade 4	81	83	77	77	78	75	73	74	–	65
Grade 5	65	72	67	68	67	63	65	60	–	48
Grade 6	68	65	69	64	65	65	61	62	–	42
Grade 7	65	68	68	67	64	66	67	60	–	42
Grade 8	69	73	72	69	73	65	68	64	–	43
Grade 11	56	68	60	58	58	61	64	59	–	53
ACT										
Average composite score	23.6	23.5	24.1	24.1	22.3	22.7	22.4	22.4	–	21.9

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

(2) Due to the COVID-19 pandemic, no 2020 summarized assessment data for MCA tests is available and the ACT test was postponed to Fall 2020.

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INDEPENDENT SCHOOL DISTRICT NO. 833

School Facilities
as of June 30, 2021

Facility	Use	Constructed	Acres	Classrooms	Square Footage	Capacity	Enrollment (1)
Armstrong Elementary	School	1969/1987/2001 2012	12.00	31	76,211	484	344
Cottage Grove Elementary	School	2002/2016	35.00	36	100,480	648	428
Crestview Elementary	School	1963/1970/1990/ 1999/2001	35.00	36	81,840	648	411
Gordon Bailey Elementary	School	1991/1992/2000 2015	30.00	45	115,609	820	610
Grey Cloud Elementary	School	1991/1992/2001 2009/2015	41.00	45	119,320	756	711
Hillside Elementary	School	1963/1970/1990/ 2001	16.00	32	75,864	616	436
Liberty Ridge Elementary	School	2003/2006/2016	25.00	56	136,968	993	768
Middleton Elementary	School	1991/1992/1999 2015	30.00	45	115,980	780	667
Newport Elementary	School	1955/1970/1990	9.00	21	79,286	352	261
Nuevas Fronteras Elementary	School	1951/1960/1965/ 1973/1974/1995/ 2002	20.00	37	146,155	936	466
Pine Hill Elementary	School	1960/1967/1970/ 2001	12.00	28	73,631	510	477
Pullman Elementary	School	1960/1970/2001	16.00	29	70,842	510	423
Red Rock Elementary	School	2002/2016	31.00	36	100,401	648	634
Royal Oaks Elementary	School	1966/1970/1990/ 2001	7.00	32	75,859	616	516
Valley Crossing Elementary	School	1996	34.35	33	133,665	800	614
Woodbury Elementary	School	1960/1963/1970/ 1989/1990/1999/ 2001	10.00	40	95,567	648	435
Cottage Grove Middle School	School	1995/2003/2005 2008/2018	72.00	56	200,229	1,342	954
Lake Middle School	School	1995/2000	67.00	54	188,996	1,320	1,142
Oltman Middle School	School	2018	60.00	47	243,898	990	952
Woodbury Middle School	School	1969/1989/2002 2018	16.00	44	205,139	1,080	1,158
East Ridge High School	School	2009/2013	58.00	70	382,264	1,802	1,954
Park Senior High School	School	1964/1971/1973/ 1994/2002/2003 2008/2009	51.00	86	403,981	2,167	1,975
Woodbury Senior High School	School	1974/2002/2003 2007/2008/2009	45.00	80	366,599	2,026	1,972
District Service Center	Office/ warehouse	1972	7.00	N/A	51,312	N/A	–
District Program Center	School/ office	1980	7.00	9	56,045	N/A	101
District Transportation Center	Office/garage/ maintenance	1971/1977/2002	10.00	N/A	44,864	N/A	–

N/A – Not Available

(1) Enrollment data from October 1, 2020.

INDEPENDENT SCHOOL DISTRICT NO. 833

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Fiscal Year	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance	Free Lunch		Reduced-Price Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2012	16,428	1,713,365	174	9,847	59.94 %	327,020	19.09 %	105,126	6.14 %
2013	16,590	1,657,164	173	9,579	57.74	335,781	20.26	104,921	6.33
2014	16,656	1,670,058	168	9,941	59.68	332,818	19.93	104,162	6.24
2015	16,707	1,798,346	174	10,335	61.86	338,742	18.84	116,852	6.50
2016	16,726	1,814,033	174	10,425	62.33	337,475	18.60	113,467	6.25
2017	17,087	1,772,015	174	10,184	59.60	338,116	19.08	115,548	6.52
2018	17,453	1,754,196	172	10,199	58.44	353,564	20.16	115,635	6.59
2019	17,432	1,726,182	169	10,214	58.59	312,069	18.08	124,606	7.22
2020 (2)	17,629	1,206,589	115	10,492	59.52	212,978	17.65	87,440	7.25
2021 (3)	17,387	931,942	217	4,295	24.70	931,942	100.00	–	–

(1) Based on State Food and Nutrition Department guidelines; attendance is deemed to be 94 percent of enrollment.

(2) Due to the COVID-19 pandemic, significantly fewer meals were served in the National School Lunch Program.

(3) Due to the ongoing COVID-19 pandemic and shifts in learning models throughout the year, significantly fewer lunches were served. Additionally, the program operated all year under the USDA Summer Food Service Program, under which all student meals were provided for free.

INDEPENDENT SCHOOL DISTRICT NO. 833

Expenditures per Student (Average Daily Membership)
Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	$ 391	$ 390	$ 411	$ 424	$ 444	$ 451	$ 452	$ 478	$ 486	$ 504
District support services	225	234	210	304	367	347	329	391	459	545
Elementary and secondary regular instruction	4,998	5,161	5,243	5,508	5,552	5,933	5,850	6,089	6,114	6,323
Vocational education instruction	98	99	123	125	130	121	123	120	122	116
Special education instruction	1,358	1,471	1,673	1,818	1,955	2,167	2,248	2,317	2,452	2,608
Instructional support services	491	517	532	542	553	567	569	586	614	725
Pupil support services	1,000	1,042	1,070	1,125	1,118	1,160	1,170	1,249	1,366	1,405
Sites and buildings	1,129	1,064	1,197	1,082	1,689	1,298	1,228	1,203	1,424	1,773
Fiscal and other fixed cost programs	23	24	27	32	18	27	27	29	16	27
Food service	419	427	446	491	474	492	490	508	422	322
Community service	651	692	720	686	733	813	767	803	742	571
Capital outlay	811	406	205	696	1,512	1,631	3,153	2,228	1,385	360
Debt service	1,508	1,520	1,599	1,790	1,672	1,987	2,013	1,836	1,872	1,922
Total expenditures	$ 13,101	$ 13,045	$ 13,457	$ 14,624	$ 16,217	$ 16,995	$ 18,420	$ 17,836	$ 17,474	$ 17,200
Average daily membership	17,477	17,649	17,719	17,773	17,794	18,178	18,567	18,545	18,754	18,497

Note: Includes all governmental fund expenditures.

INDEPENDENT SCHOOL DISTRICT NO. 833

Student Enrollment
Last Ten Fiscal Years

	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					
Year Ended June 30,	Pre-Kindergarten and Handicapped Kindergarten	Kindergarten	Elementary	Secondary	Total	Total Pupil Units
2012	218	1,165	8,034	8,060	17,477	20,189
2013	259	1,042	8,156	8,192	17,649	20,465
2014	267	1,059	8,155	8,238	17,719	20,542
2015	354	1,111	8,159	8,149	17,773	19,397
2016	394	1,084	8,107	8,209	17,794	19,435
2017	428	1,120	8,374	8,256	18,178	19,826
2018	443	1,165	8,511	8,448	18,567	20,256
2019	499	1,137	8,376	8,533	18,545	20,252
2020	510	1,187	8,451	8,606	18,754	20,475
2021	463	1,044	8,207	8,783	18,497	20,253

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

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

	Pre-Kindergarten	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–3	Elementary 4–6	Secondary
Fiscal 2012 through 2014	1.250	1.000	0.612	0.612	1.115	1.060	1.300
Fiscal 2015 through 2021	1.000	1.000	0.550	1.000	1.000	1.000	1.200

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

FORM OF LEGAL OPINION

DORSEY
always ahead

Independent School District No. 833
Cottage Grove, Minnesota

[Purchaser]

Re: $34,370,000 General Obligation Facilities Maintenance Bonds, Series 2022A
Independent School District No. 833 (South Washington County Schools)
Washington County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 833 (South Washington County Schools), Washington County, Minnesota, of the obligations described above, dated, as originally issued, as of June 9, 2022 (the Bonds), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the District in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the District, enforceable in accordance with their terms.

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

3. The resolution authorizing the issuance of the Bonds obligates the District to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of such law against the State of Minnesota in the absence of legally appropriated and available funds to pay the obligations of the State thereunder.

4. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.

5. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

The opinions expressed in paragraphs 1, 2, and 3 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 4 and 5 above are subject to the compliance by the District with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 5 above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

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

Dated this 9th day of June, 2022.

Very truly yours,

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX D

FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM SALE RESOLUTION)

(See following pages)

FORM OF CONTINUING DISCLOSURE

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the District hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The District is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the District fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The District will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the District, the following information at the following times:

(1) on or before twelve (12) months after the end of each fiscal year of the District, commencing with the fiscal year ending June 30, 2022, the following financial information and operating data in respect of the District (the Disclosure Information):

(A) the audited financial statements of the District for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the District, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the District; and

(B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: "Valuations – Current Property Valuations;" "Debt – Direct Debt;" "Tax Levies and Collections;" "The Issuer – Student Body;" and "General Information – Employment/Unemployment Data," which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the District shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the District shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The District shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the District have materially changed or been discontinued, such Disclosure Information need no longer be provided if the District includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other District operations in respect of which data is not included in the Disclosure Information and the District determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the District shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner, not in excess of 10 business days, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a "Material Fact," as hereinafter defined):

(A) principal and interest payment delinquencies;
(B) non-payment related defaults, if material;
(C) unscheduled draws on debt service reserves reflecting financial difficulties;
(D) unscheduled draws on credit enhancements reflecting financial difficulties;
(E) substitution of credit or liquidity providers, or their failure to perform;
(F) 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 Bonds or other material events affecting the tax status of the Bonds;

(G) modifications to rights of Bond holders, if material;

(H) Bond calls, if material and tender offers;

(I) defeasances;

(J) release, substitution, or sale of property securing repayment of the Bonds if material;

(K) rating changes;

(L) bankruptcy, insolvency, receivership, or similar event of the obligated person;

(M) 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;

(N) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(O) 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; "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 debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule; and

(P) 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.

As used herein, for those events that must be reported if material, a "Material Fact" is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material Fact is also a fact that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

For purposes of the events identified in paragraphs (O) and (P) above, the term "financial obligation" means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:

(A) the failure of the District to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
(B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the District under subsection (d)(2);
(C) the termination of the obligations of the District under this section pursuant to subsection (d);
(D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
(E) any change in the fiscal year of the District.

(c) Manner of Disclosure.

(1) The District agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).

(2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

(1) The covenants of the District in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the District under this section shall terminate and be without further effect as of any date on which the District delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the District to comply with the requirements of this section will not cause participating underwriters in the primary

offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

(2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the District from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the District accompanied by an opinion of Bond Counsel, who may rely on certificates of the District and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the District or the type of operations conducted by the District, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the District agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

APPENDIX E

TERMS OF PROPOSAL

$34,370,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2022A INDEPENDENT SCHOOL DISTRICT NO. 833 (SOUTH WASHINGTON COUNTY SCHOOLS), MINNESOTA

Proposals for the purchase of $34,370,000* General Obligation Facilities Maintenance Bonds, Series 2022A (the "Bonds") of Independent School District No. 833 (South Washington County Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on May 19, 2022, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

PURPOSE

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

DATES AND MATURITIES

The Bonds will be dated June 9, 2022, will be issued as fully registered Bonds in the denomination of $5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2030	$3,290,000	2033	$4,300,000	2036	$6,400,000
2031	4,385,000	2034	5,500,000		
2032	4,795,000	2035	5,700,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2030 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2031 shall be subject to optional redemption prior to maturity on February 1, 2030 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

DELIVERY

On or about June 9, 2022, 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 in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

SUBMISSION OF PROPOSALS

Proposals must not be for less than $34,370,000 plus accrued interest on the principal sum of $34,370,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

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

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

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

A good faith deposit ("Deposit") in the amount of $687,400 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.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

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.

In order to establish the issue price of the Bonds for federal income tax purposes, the District requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the District to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the District shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the District advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the District at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the District advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the Purchaser shall (1) upon the request of the District confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the District a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the District pursuant hereto may be taken or received on behalf of the District by Ehlers & Associates, Inc.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and Bonds submitted will not be subject to cancellation or withdrawal.

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. 833
(South Washington County Schools), Minnesota

PROPOSAL FORM

The School Board **May 19, 2022**
Independent School District No. 833 (South Washington County Schools), Minnesota (the "District")

RE: $34,370,000* General Obligation Facilities Maintenance Bonds, Series 2022A (the "Bonds")
DATED: June 9, 2022

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 $34,370,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due	2030	________	% due	2033	________	% due	2036
________	% due	2031	________	% due	2034			
________	% due	2032	________	% due	2035			

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

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2030 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of $687,400 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 June 9, 2022.

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 June 9, 2022 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. 833 (South Washington County Schools), Minnesota, on May 19, 2022.

By: ______________________________ By: ______________________________

Title: ______________________________ Title: ______________________________