PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 8, 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 on noncorporate taxpayers 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 may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) for tax years beginning after December 31, 2022, and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. See "TAX CONSIDERATIONS" herein.

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

Credit Enhanced Rating: S&P Global Ratings "AAA"
Underlying Rating: S&P Global Ratings "AA-"

INDEPENDENT SCHOOL DISTRICT NO. 531 (BYRON PUBLIC SCHOOLS), MINNESOTA

(Olmsted and Dodge Counties)

(Minnesota School District Credit Enhancement Program)

$2,095,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022B

PROPOSAL OPENING: September 19, 2022, 9:30 A.M., C.T.
CONSIDERATION: September 19, 2022, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $2,095,000* General Obligation School Building Bonds, Series 2022B (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 2, 2021 by Independent School District No. 531 (Byron Public Schools), Minnesota (the "District") for the purpose of financing the betterment of school facilities in the District. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: October 12, 2022

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2024	$380,000	2026	$410,000	2028	$460,000
2025	395,000	2027	450,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2023 and semiannually thereafter.

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

MINIMUM PROPOSAL: $2,095,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $41,900 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.

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BYRON PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
Craig Fuchs	Board Chair	January 2023
Jeremy Aagard	Vice Chair	January 2023
Jan Reed	Clerk	January 2023
Harvey Bergh	Treasurer	January 2023
Matthew Bashaw	Member	January 2023
Carrie Delaney	Member	January 2023
Matt Prigge	Member	January 2025

ADMINISTRATION

Dr. Michael Neubeck, Superintendent of Schools
Todd Lechtenberg, Director of Finance & Operations

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(*Other office located in Waukesha, Wisconsin*)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 531 (Byron Public Schools), Minnesota (the "District") and the issuance of its $2,095,000* General Obligation School Building Bonds, Series 2022B (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 September 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 October 12, 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 August 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"). 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.

OPTIONAL REDEMPTION

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

*Preliminary, subject to change.

AUTHORITY; PURPOSE

The Bonds are being issued by the District pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 2, 2021, at which voters approved a building program by a vote of 1,600 - 907 on Ballot Question #1 and 1,337 - 1,167 on Ballot Question #2. Proceeds of the Bonds will be used to provide funds for the betterment of school facilities.

ESTIMATED SOURCES AND USES*

Sources			
	Par Amount of Bonds	$2,095,000	
	Reoffering Premium	95,785	
	Total Sources		**$2,190,785**
Uses			
	Total Underwriter's Discount (1.000%)	$20,950	
	Costs of Issuance	54,330	
	Deposit to Project Construction Fund	2,115,505	
	Total Uses		**$2,190,785**

*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 requested a rating from S&P Global Ratings ("S&P"). S&P has a policy which assigns a rating of "AAA" to issuers participating in the MNCEP. The "AAA" rating is based on the State of Minnesota's current "AAA" rating from S&P. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS" for further details.

The District received a "AA-" underlying rating from S&P on this issue. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on August 15, 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 always comply with this requirement, the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Except to the extent that the preceding is deemed to be material, the District believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

An opinion 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 imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) 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 expressly specified herein. This summary is limited to consequences to U.S. holders that purchase 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 of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity 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 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 Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers 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 may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) for tax years beginning after December 31, 2022, and is included, 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 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 with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. 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 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 that 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 the 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 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 stated redemption price at maturity generally must, from time to time, reduce the holder’s federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a Bond holder'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, and 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 purchase of the Bonds. The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022.

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 June 30, 2021 have been audited by Smith, Schafer and Associates, Ltd., Rochester, 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

2021/22 Economic Market Value	$1,457,429,200[1]

2021/22 Assessor's Estimated Market Value

	Olmsted County	Dodge County	Total
Real Estate	$1,236,757,400	$22,796,300	$1,259,553,700
Personal Property	30,341,500	252,900	30,594,400
Total Valuation	$1,267,098,900	$23,049,200	$1,290,148,100

2021/22 Net Tax Capacity

	Olmsted County	Dodge County	Total
Real Estate	$12,081,095	$193,431	$12,274,526
Personal Property	606,830	5,058	611,888
Net Tax Capacity	$12,687,925	$198,489	$12,886,414

[1] According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 88.96% 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 Market Value ("EMV") for the District of $1,457,429,200.

2021/22 NET TAX CAPACITY BY CLASSIFICATION

	2021/22 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$7,354,840	57.07%
Agricultural	2,155,707	16.73%
Commercial/industrial	1,305,684	10.13%
Public utility	186,668	1.45%
Railroad operating property	24,486	0.19%
Non-homestead residential	1,244,260	9.66%
Commercial & residential seasonal/rec.	2,881	0.02%
Personal property	611,888	4.75%
Total	$12,886,414	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2017/18	$1,000,405,800	$936,200,800	$9,517,694	$9,517,694	3.88%
2018/19	1,065,936,300	1,002,916,000	10,206,626	10,206,626	6.55%
2019/20	1,143,431,200	1,084,412,200	11,113,475	11,113,475	7.27%
2020/21	1,229,502,700	1,172,988,600	12,226,901	12,226,901	7.53%
2021/22	1,290,148,100	1,235,770,200	12,886,414	12,886,414	4.93%

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

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

LARGER TAXPAYERS

Taxpayer	Type of Property	2021/22 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Minnesota Energy Resources	Utility	$249,243	1.93%
Southern Minnesota Municipal Power	Utility	219,460	1.70%
Northern Natural Gas Co.	Utility	204,472	1.59%
Schmidt Printing, Inc.	Industrial	151,124	1.17%
Golden Tee Development, LLC	Agricultural	108,911	0.85%
Xcel Energy	Utility	94,184	0.73%
Kodiak Apartments, LLC	Apartments	84,948	0.66%
Living Services Foundation	Apartments	69,781	0.54%
Cygnet Real Estate, LLC	Residential	69,114	0.54%
Decook Properties, LLC	Industrial	43,104	0.33%
Total		$1,294,341	10.04%

District's Total 2021/22 Net Tax Capacity $12,886,414

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)*	$88,415,000

Other Obligations

On February 28, 2013 and May 13, 2021, Zumbro Education District (Education District No. 6012) issued $1,290,000 Certificates of Participation, Series 2013A (the "Series 2013A COPs") and $13,955,000 Certificates of Participation, Series 2021A (the "Series 2021A COPs"). For the Series 2013A COPs, the District's obligation varies year to year based on each District's enrollment as a percentage of the combined enrollment's for the member districts. For the Series 2021A COPs, the District has a contractual obligation to make 20.98% of the debt service payments.

*Preliminary, subject to change.

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

2 Based upon the debt service equalization formula, 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.

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 Formula is applied against the remaining qualifying annual debt service which, in the case of the District, is expected to result in a "local share" of about 97.92% of the amount in excess of 15.74% of ANTC, but less than 26.24% of ANTC, and a “local share” of about 54.18% of the amount in excess of 26.24% of ANTC. This results in estimated total State participation of about 5.32% of total annual debt service. The Bonds of this issue do **not** qualify for equalization pursuant to Minnesota Statutes.

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

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minn. Stat. Section 273.1387). The reimbursement percentages are 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. The amount of agricultural credit received in the debt service fund for taxes payable 2022 is approximately 7.30% of total annual debt service levies, based on the District’s 2020/21 qualifying agricultural land valuation.

Independent School District No. 531 (Byron Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 10/12/2022)

	School Building Bonds Series 2014A		Facilities Maintenance Bonds Series 2016A		School Building Bonds Series 2017A		School Building Bonds Series 2018A		School Building Refunding Bonds Series 2019A	
Dated	05/21/2014		12/08/2016		02/09/2017		03/15/2018		11/14/2019	
Amount	$25,300,000		$2,410,000		$9,500,000		$780,000		$11,180,000	
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	0	438,519	155,000	20,988	255,000	129,369	0	13,650	2,255,000	177,625
2024	0	877,038	155,000	38,875	300,000	251,088	0	27,300	2,365,000	242,500
2025	0	877,038	160,000	35,775	345,000	242,088	0	27,300	2,485,000	124,250
2026	2,460,000	877,038	165,000	32,175	660,000	231,738	0	27,300		
2027	2,535,000	778,638	165,000	28,463	740,000	211,938	0	27,300		
2028	2,635,000	677,238	170,000	24,750	760,000	193,438	0	27,300		
2029	2,715,000	598,188	175,000	20,075	780,000	173,488	0	27,300		
2030	2,795,000	516,738	180,000	15,263	805,000	152,038	0	27,300		
2031	2,885,000	429,394	185,000	10,313	825,000	129,900	0	27,300		
2032	2,975,000	335,631	190,000	5,225	855,000	105,150	0	27,300		
2033	3,095,000	216,631			880,000	79,500	0	27,300		
2034	3,205,000	112,175			900,000	53,100	0	27,300		
2035					870,000	26,100	780,000	27,300		
2036										
2037										
2038										
2039										
2040										
2041										
2042										
	25,300,000	6,734,263	1,700,000	231,900	8,975,000	1,978,931	780,000	341,250	7,105,000	544,375

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Independent School District No. 531 (Byron Public Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 10/12/2022)

	School Building Bonds Series 2022A		School Building Bonds Series 2022B							
Dated	03/17/2022		10/12/2022							
Amount	$42,460,000		$2,095,000*							
Maturity	02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2023	160,000	656,575	0	0	2,825,000	1,436,725	4,261,725	85,590,000	3.20%	**2023**
2024	35,000	1,305,150	380,000	109,173	3,235,000	2,851,123	6,086,123	82,355,000	6.85%	**2024**
2025	175,000	1,303,400	395,000	68,600	3,560,000	2,678,450	6,238,450	78,795,000	10.88%	**2025**
2026	170,000	1,294,650	410,000	52,800	3,865,000	2,515,700	6,380,700	74,930,000	15.25%	**2026**
2027	160,000	1,286,150	450,000	36,400	4,050,000	2,368,888	6,418,888	70,880,000	19.83%	**2027**
2028	255,000	1,278,150	460,000	18,400	4,280,000	2,219,275	6,499,275	66,600,000	24.67%	**2028**
2029	350,000	1,265,400			4,020,000	2,084,450	6,104,450	62,580,000	29.22%	**2029**
2030	320,000	1,247,900			4,100,000	1,959,238	6,059,238	58,480,000	33.86%	**2030**
2031	335,000	1,231,900			4,230,000	1,828,806	6,058,806	54,250,000	38.64%	**2031**
2032	350,000	1,218,500			4,370,000	1,691,806	6,061,806	49,880,000	43.58%	**2032**
2033	365,000	1,204,500			4,340,000	1,527,931	5,867,931	45,540,000	48.49%	**2033**
2034	375,000	1,193,550			4,480,000	1,386,125	5,866,125	41,060,000	53.56%	**2034**
2035	2,980,000	1,182,300			4,630,000	1,235,700	5,865,700	36,430,000	58.80%	**2035**
2036	4,705,000	1,092,900			4,705,000	1,092,900	5,797,900	31,725,000	64.12%	**2036**
2037	4,905,000	951,750			4,905,000	951,750	5,856,750	26,820,000	69.67%	**2037**
2038	5,050,000	804,600			5,050,000	804,600	5,854,600	21,770,000	75.38%	**2038**
2039	5,205,000	653,100			5,205,000	653,100	5,858,100	16,565,000	81.26%	**2039**
2040	5,360,000	496,950			5,360,000	496,950	5,856,950	11,205,000	87.33%	**2040**
2041	5,520,000	336,150			5,520,000	336,150	5,856,150	5,685,000	93.57%	**2041**
2042	5,685,000	170,550			5,685,000	170,550	5,855,550	0	100.00%	**2042**
	42,460,000	20,174,125	2,095,000	285,373	88,415,000	30,290,217	118,705,217			

* Preliminary, subject to change.

BONDED DEBT LIMIT

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

2021/22 Economic Market Value	$1,457,429,200
Multiply by 15%	0.15
Statutory Debt Limit	$218,614,380
Less:Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(88,415,000)
Unused Debt Limit*	$130,199,380

*Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2021/22 Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
Counties of:				
Dodge	$34,279,189	0.5790%	$5,710,000	$33,061
Olmsted	238,208,462	5.3264%	94,145,000	5,014,539
Cities of:				
Byron	7,014,434	100.0000%	9,529,000	9,529,000
Rochester	171,041,328	0.0492%	36,985,000	18,197
Town of:				
Salem	2,508,514	91.0566%	20,372	18,550
District's Share of Total Overlapping Debt				$14,613,347

DEBT PAYMENT HISTORY

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

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

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

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $1,457,429,200	Debt/ Per Capita 9,132[1]
Direct G.O. Debt being paid from Taxes and State Aids*	$88,415,000		
Less: State Equalization Aid/Agricultural Credit[2]	(11,046,519)		
Tax Supported General Obligation Debt*	$77,368,481	5.31%	$8,472.24
District's Share of Total Overlapping Debt	$14,613,347	1.00%	$1,600.24
Total*	$91,981,828	6.31%	$10,072.47

*Preliminary, subject to change.

FUTURE FINANCING

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

LEVY LIMITS

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

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

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1 Estimated 2021 population.

2 Based on current State law and statistics, the State of Minnesota is estimated to pay approximately 5.32% (state equalization aid) and approximately 7.30% (agricultural credit) of the principal and interest of the District's general obligation bonds. Assuming this percentage continues for the life of the issue, the State's proportionate share of principal is $11,046,519 ($4,592,224 state equalization credit and $6,454,295 agricultural credit, respectively). The Bonds of this issue do **not** qualify for state equalization aid pursuant to Minnesota Statutes.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date[2]	% Collected
2017/18	$4,966,928	$4,933,634	$4,964,135	99.94%
2018/19	5,143,782	5,111,330	5,139,874	99.92%
2019/20	5,371,094	5,331,944	5,360,432	99.80%
2020/21	6,073,977	6,032,623	6,055,738	99.70%
2021/22	7,615,782	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 May 19, 2022 for Olmsted County and May 20, 2022 for Dodge County.

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. 531 (Byron Public Schools)	41.100%	39.152%	37.331%	38.050%	48.300%
Dodge County	51.600%	50.768%	48.002%	46.445%	46.165%
Olmsted County	54.837%	53.562%	52.017%	46.961%	49.008%
City of Byron	66.096%	66.166%	69.628%	68.446%	67.409%
City of Rochester	52.147%	52.723%	51.847%	48.242%	49.624%
Town of Cascade[2]	20.969%	20.347%	23.888%	22.351%	22.018%
Olmsted County HRA	0.097%	0.129%	1.692%	1.687%	1.688%
Referendum Market Value Rates:					
I.S.D. No. 531 (Byron Public Schools)	0.16833%	0.16430%	0.16338%	0.17190%	0.17111%
City of Rochester	N/A	N/A	N/A	0.01436%	0.01369%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Olmsted and Dodge Counties.

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 345, including 176 non-licensed employees and 169 licensed employees (145 of whom are teachers). The District provides education for 2,300 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
Byron Education Association	June 30, 2023
Byron Principals Association	June 30, 2023
Byron Managers and Directors Association	June 30, 2023
Byron Paraprofessionals Association	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 Financial Statements (Audit) shows a total OPEB liability of $2,192,261 as of June 30, 2021. The District has established an irrevocable trust to fund a portion of the OPEB obligations. As of June 30, 2021, the net position of the trust was $0. Future OPEB costs will be paid from operating funds.

Source: The District's most recent Audit.

STUDENT BODY

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2017/18	182	968	961	2,111
2018/19	210	983	1,055	2,248
2019/20	173	1,048	1,032	2,253
2020/21	163	1,057	1,040	2,260
2021/22	165	1,100	1,035	2,300

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2022/23	170	1,110	1,060	2,340
2023/24	170	1,120	1,090	2,380
2024/25	170	1,130	1,100	2,400

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Byron Intermediate	1992	--
Byron Middle School	1966	1978, 1992
Byron High School	2006	--
Byron Administrative and Community Services	1952	1957, 1999
Byron Primary School	2016	--

FUNDS ON HAND (as of June 30, 2022)

Fund	Total Cash and Investments
General	$2,348,895
Food Service	192,256
Community Service	253,039
Debt Service	3,346,869
Building/Construction	42,387,189
Trust & Agency	130,645
Total Funds on Hand	$48,658,893

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 District's 2021 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				
	2019 Audited	2020 Audited	2021 Audited	2021-22 Revised Budget [1)]	2022-23 Adopted Budget [2)]
Revenues					
Local property taxes	$1,749,440	$1,958,345	$2,057,263	$2,020,369	$2,669,047
Other local and county revenues	888,902	1,009,856	786,486	700,000	671,933
Investment income	52,002	13,870	26,371	25,448	5,000
Revenues from state sources	18,423,969	19,589,810	20,339,804	20,213,848	20,996,952
Revenues from federal sources	198,863	240,377	815,837	192,000	436,708
Sales and other conversionas of assets	95,931	8,375	12,334	0	0
Total Revenues	$21,409,107	$22,820,633	$24,038,095	$23,151,665	$24,779,640
Expenditures					
Current:					
Administration	$1,167,839	$1,184,267	$1,397,245	$1,267,516	$1,291,571
District support services	966,218	861,276	931,823	1,163,705	970,665
Elementary & secondary regular instruction	10,297,174	11,026,802	11,600,622	11,213,528	12,271,913
Vocational education instruction	397,588	382,035	423,621	434,636	450,117
Special education	2,670,556	2,784,850	2,946,695	2,980,083	3,403,309
Instructional support services	915,336	1,430,770	1,393,638	1,268,461	1,327,404
Pupil support services	2,033,966	2,378,072	2,259,707	2,217,500	2,332,107
Sites, buildings and equipment	2,128,543	2,761,088	3,199,437	2,341,573	2,451,110
Fiscal and other fixed cost programs	84,180	113,580	125,072	70,500	70,000
Capital outlay	0	0	0	0	0
Debt service	0	0	0	0	0
Total Expenditures	$20,661,400	$22,922,740	$24,277,860	$22,957,502	$24,568,196
Excess of revenues over (under) expenditures	$747,707	($102,107)	($239,765)	$194,163	$211,444
Other Financing Sources (Uses)					
Capital lease proceeds	$0	$0	$0	$0	$0
Sale of equipment	0	500	1,156	0	0
Total Other Financing Sources (Uses)	$0	$500	$1,156	$0	$0
Net changes in Fund Balances	$747,707	($101,607)	($238,609)	$194,163	$211,444
General Fund Balance July 1	937,789	1,685,496	1,896,078	1,896,078	2,090,241
Change in accounting standards	0	312,189	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance June 30	$1,685,496	$1,896,078	$1,657,469	$2,090,241	$2,301,685
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$128,614	$145,648	$211,033		
Restricted	261,429	402,632	436,121		
Assigned	475,963	562,458	571,728		
Unassigned	819,490	785,340	438,587		
Total	$1,685,496	$1,896,078	$1,657,469		

1) The 2021-22 budget was revised as of February 2022.

2) The 2022-23 budget was adopted on June 20, 2022.

GENERAL INFORMATION

LOCATION

The District, with a 2010 U.S. Census population of 7,244 and a 2021 population estimate of 9,132 and comprising an area of 72 square miles, is located approximately 80 miles south of the Minneapolis-St. Paul metropolitan area and immediately west of the City of Rochester.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 531 (Byron Public Schools)	Elementary and secondary education	345
Curtis 1000	Commercial printing	150
Somerby Golf Club	Golf course & country club	100
Zumbro Education District	Education services for seven area districts	75
Bigelow-Lennon Construction	Residential & commercial construction	60
McDonald’s	Restaurant	55
Ornua Ingredients	Dairy products wholesaler	37
Byron Kwik Trip	Gas and convenience store	33 [2]
Early Advantage	Child Care Services	32
New Line Mechanical	Mechanical Contractors	30

Many other significant employment opportunities are available in the City of Rochester.

Source: *Data Axle Reference Solutions, written and telephone survey, 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.

[2] Total includes two locations within the District.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	7,244
2020 U.S. Census population	8,870
2021 State Demographer Estimate	9,132
Percent of Change 2010 - 2020	22.45%

Income and Age Statistics

	The District	Olmsted County	State of Minnesota	United States
2020 per capita income	$47,490	$42,470	$38,881	$35,384
2020 median household income	$98,517	$80,403	$73,382	$64,994
2020 median family income	$120,213	$100,495	$92,692	$80,069
2020 median gross rent	$1,110	$1,028	$1,010	$1,096
2020 median value owner occupied units	$266,100	$233,100	$235,700	$229,800
2020 median age	40.3 yrs.	37.4 yrs.	38.1 yrs.	38.2 yrs.

	State of Minnesota	United States
District % of 2020 per capita income	122.14%	134.21%
District % of 2020 median family income	129.69%	150.14%

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	**Olmsted County**	**Olmsted County**	**State of Minnesota**
2018	85,948	2.5%	3.1%
2019	87,653	2.7%	3.4%
2020	86,794	5.5%	6.3%
2021	87,173	2.8%	3.4%
2022, July	91,315	1.7%	2.1%

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

APPENDIX A

FINANCIAL STATEMENTS

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

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

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

FINANCIAL STATEMENTS

JUNE 30, 2021

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BYRON, MINNESOTA
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INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2021

	2020 - 2021	Term Expires
Harvey Bergh	Chairperson	12/31/2022
Jan Reed	Vice-Chairperson	12/31/2022
Craig Fuchs	Treasurer	12/31/2022
Emmy Harvey	Clerk	12/31/2024
Mike Denney	Director	12/31/2024
Sharon Kreitinger	Director	12/31/2024
Matt Prigge	Director	12/31/2024

Superintendent

Joey Page

	2019 - 2020	Term Expires
Sharon Kreitinger	Chairperson	12/31/2020
Chris Schmit	Vice-Chairperson	12/31/2020
Craig Fuchs	Treasurer	12/31/2022
Tessa Olive	Clerk	12/31/2020
Mark Chilson	Director	12/31/2020
Harvey Bergh	Director	12/31/2022
Jan Reed	Director	12/31/2022

Superintendent

Joey Page

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INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

FINANCIAL SECTION

JUNE 30, 2021

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SMITH•SCHAFER
& ASSOCIATES, LTD.
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Independent School District #531
Byron, 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 the Independent School District #531, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Independent School District #531'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 of material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District #531 as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity 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 on pages 3 through 13 and the Required Supplementary Information as listed in the table of contents 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

Other Matters

Required Supplementary Information (Continued)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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 Independent School District #531, Byron, Minnesota's basic financial statements The introductory section, supplementary information, Uniform Financial Accounting and Reporting Standards Compliance Table, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U S Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements

The supplementary information and Uniform Financial Accounting and Reporting Standards Compliance Table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain addition 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 supplementary information and Uniform Financial Accounting and Reporting Standards Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole

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

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America Accordingly, such information should be read in conjunction with the District's financial statement for the year ended June 30, 2020, from which such partial information was derived

We have previously audited the District's 2020 financial statements and our report, dated November 25, 2020, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information In our opinion, the summarized 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 November 24, 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, and grant agreements and other matters The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of the audit

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
November 24, 2021

This section of Independent School District #531 – Byron Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- Total Assets and Deferred Outflows of Resources: $74,202,903.
- Overall revenues for the General Fund were $24,038,095 while overall expenditures totaled $24,277,860.
- The General Fund Unassigned Fund Balance is $438,587. This represents a decrease of $346,753 from last fiscal year. The Restricted General Fund balances included State required reserves for operating capital, scholarships and student activities. These balances totaled $436,121 as compared to $402,632 last fiscal year. The Assigned Fund balances totaled $571,728 compared to $562,458 in the prior year.
- The General Fund total fund balance decreased by $238,609 in 2020-2021.
- The Food Service Fund total fund balance increased by $109,062 in 2020-2021.
- The Community Service Fund total fund balance decreased by $36,894 in 2020-2021.
- The Debt Service Fund total fund balance decreased by $24,508 in 2020-2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information, which includes the management's discussion and analysis (this section), the basic financial statements, and other required reports. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund-financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- The proprietary fund statements offer short-term and long-term financial information about the activities the District operates in a manner similar to businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows and liabilities and deferred inflows – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in one category: Governmental activities. Most of the District's basic services are included here, such as elementary and secondary regular instruction, special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District establishes other funds to control and manage money for particular purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The District has three kinds of funds:

- ***Governmental funds.*** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or difference) between them
- ***Proprietary funds.*** The District has one type of proprietary fund which is an *Internal Service Fund. Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions The District uses an internal service fund to account for the cost of post-employment benefits of the District and to account for the self-insured dental program
- ***Fiduciary funds.*** The District is the trustee, or fiduciary, for assets that belong to others The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong The District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The district's combined net position from Governmental activities was a deficit of ($12,420,737) on June 30, 2021 This was an increase in deficit of $270,786 from the prior year primarily due to change in net pension liability

	Total	
	2021	2020
Assets		
Current and other assets	$ 11,417,576	$ 11,238,348
Capital assets	55,109,879	56,916,153
Total assets	66,527,455	68,154,501
Deferred Outflows of Resources		
Total deferred outflows of resources	7,675,448	11,482,261
Liabilities		
Current liabilities	2,927,627	3,305,538
Long-Term liabilities	65,508,239	65,564,313
Total liabilities	68,435,866	68,869,851
Deferred Inflows of Resources		
Total deferred inflows of resources	18,187,774	22,916,862
Net Position		
Net investment in capital assets	7,959,410	7,461,687
Restricted	1,452,611	1,380,531
Unrestricted	(21,832,758)	(20,992,169)
Total net position	$ (12,420,737)	$ (12,149,951)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

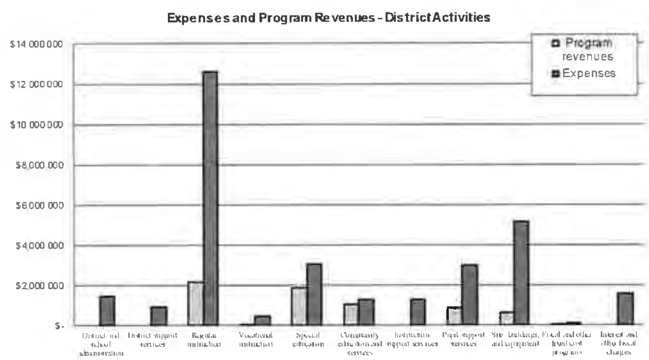
District's Revenue. The District's total revenues were $30,762,654 for the year ended June 30, 2021; compared to $29,408,847 for the year ended June 30, 2020. State sources accounted for 60 percent of total revenue for the year ended June 30, 2021 and 61 percent the previous year. Local property taxes (levies) accounted for 17 percent of total revenue he year ended June 30, 2021 compared to 18 percent for the previous year, with the remaining revenue coming from other sources.

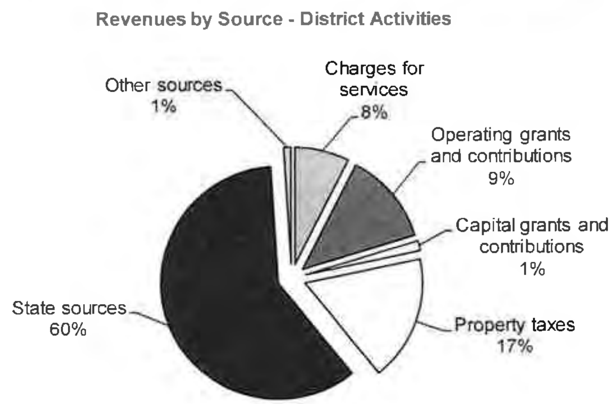
A condensed version of the Statement of Activities follows:

	Total	
	2021	2020
Revenue		
Program revenues:		
Charges for services	$ 2,305,975	$ 2,541,202
Operating grants and contributions	3,940,724	2,887,254
Capital grants and contributions	434,446	430,892
General revenues:		
Property taxes	5,380,655	5,170,083
State sources	18,391,611	17,991,306
Other sources	309,243	388,110
Total revenues	30,762,654	29,408,847
Expenses		
District and school administration	1,451,079	1,256,144
District support services	923,766	873,664
Regular instruction	12,616,956	11,643,069
Vocational instruction	453,247	417,547
Special education	3,054,323	2,971,691
Community education and services	1,300,413	1,236,568
Instruction support services	1,315,495	1,373,715
Pupil support services	3,022,215	3,622,700
Site, buildings, and equipment	5,156,863	5,361,191
Fiscal and other fixed cost programs	125,072	113,580
Interest and other fiscal charges	1,614,011	1,369,874
Total expenses	31,033,440	30,239,743
Change in net position	(270,786)	(830,896)
Net position, beginning of year	(12,149,951)	(11,319,055)
Net position, end of year	$ (12,420,737)	$ (12,149,951)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Below are specific graphs that provide comparisons of the district activities direct program revenues with their expenses Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid





FUND BASIS FINANCIAL ANALYSIS

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well As the District completed the year, its Governmental Funds reported a combined fund balance of $2,647,846 This is down $190,949 from the prior year primarily due to spending related to investments in our facilities

The District experienced an overall 2 9% enrollment increase in 2021

History of enrollment measured by historical average daily membership (ADM):

Fiscal Year	ADM	% Change
2012	1,767 17	
2013	1,861 84	5 4%
2014	1,904 31	2 3%
2015	1,920 41	0 8%
2016	1,970 35	2 6%
2017	2,024 06	2 7%
2018	2,092 23	3 4%
2019	2,129 22	1 8%
2020	2,200 67	3 4%
2021	2,265 01	2 9%

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

The total General Fund revenues increased by $1,217,462 as compared to the previous year The increase in General Fund revenue is primarily a result of increased enrollment, an increase in Special Ed and General Education state aid and Federal aid related to pandemic support Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue Other state-authorized revenue includes excess levy referendum

Local property taxes are impacted by the state provided funds for school property tax relief This relief was provided in two primary ways: 1) removal of the general education revenue property tax via a funding model of greater state aid; and 2) roll in of additional aid for referendum revenue into the basic formula for general education revenue

FUND BASIS FINANCIAL ANALYSIS (Continued)

General fund revenues were as follows:

	2021	2020	Increase/ (Decrease)
Local property tax levies	$ 2,057,263	$ 1,958,345	$ 98,918
Other local and county sources	786,486	1,009,856	(223,370)
Investment income	26,371	13,870	12,501
State sources	20,339,804	19,589,810	749,994
Federal sources	815,837	240,377	575,460
Sales and other conversions of assets	12,334	8,375	3,959
Total General Fund Revenues	$ 24,038,095	$ 22,820,633	$ 1,217,462

Total General Fund expenditures increased by $1,355,120 from the previous year primarily as a result of adjusting staffing and other variable components to serve the increased enrollment, increased cost capital purchases, cost associated with the pandemic and addressing building needs via Long-term Facilities Maintenance funding

General fund expenditures were as follows:

	2021	2020	Increase/ (Decrease)
District and school administration	$ 1,397,245	$ 1,184,267	$ 212,978
District support services	931,823	861,276	70,547
Regular instruction	11,600,622	11,026,802	573,820
Vocational instruction	423,621	382,035	41,586
Special education	2,946,695	2,784,850	161,845
Instructional support services	1,393,638	1,430,770	(37,132)
Pupil support services	2,259,707	2,378,072	(118,365)
Site, buildings, and equipment	3,199,437	2,761,088	438,349
Fiscal and other fixed cost programs	125,072	113,580	11,492
Total General Fund Expenditures	$ 24,277,860	$ 22,922,740	$ 1,355,120

The total General Fund balance on June 30, 2021, is $1,657,469 compared to $1,896,078 on June 30, 2020 (decrease of $238,609) Of the total amount $1,218,882 is restricted for specific purposes by state requirements, assigned for specific purpose or nonspendable, which leaves an amount of $438,587 in the Unassigned General Fund Balance

Food Service Fund. The Food Service Fund accounts for the activities related to providing child nutrition services to support K-12 academic programs The fund operates with the goal that revenues exceed expenditures on day-to-day school breakfast and lunch operations so that the excess can be used to systematically replace and upgrade kitchen equipment By operating in this manner, the child nutrition services program is self-supporting and does not rely upon resources from K-12 instruction programs other than for use of school facilities

FUND BASIS FINANCIAL ANALYSIS (Continued)

Food Service Fund. (Continued)

The Food Service Fund Balance increased by $109,062 On June 30, 2021 the balance was $131,598; compared to last year's balance of $22,536

The Food Service revenue for 2020-2021 totaled $912,006 compared to $1,114,575 the previous year – a decrease of $202,569. This decrease is a result of decline of sales to pupils due to free meals associated with the summer food service program in the previous fiscal year

The Food Service expenditures for 2020-2021 totaled $802,944 compared to $1,106,047 the previous year – a decrease in expenditures of $303,103 due to not serving as many meals during the summer of the previous fiscal year

Community Service Fund. The Community Service Fund accounts for the activities related to providing education and recreation programs for Pre-Kindergarten and Post-Grade 12 students. The fund operates on the goal of breaking even on a yearly basis so that is does not rely upon resources from K-12 instruction programs other than for use of school facilities

The Community Service fund balance decreased by $36,894

Community Service Fund revenues for 2020-2021 totaled $1,232,054; compared to $1,134,652 in 2020 This was an increase in revenue of $97,402 from the previous year due to State and Federal aid received related to pandemic support.

Community Service Fund expenditures for 2020-2021 totaled $1,268,948 – compared to $1,189,765 in 2020 This was an increase in expenditures of $79,183 due to increased staffing needs from the pandemic

Debt Service Fund. The Debt Service fund exists to service the principal and interest on long-term debt issued by the District to construct school facilities or acquire school equipment Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year

This rate is specified in statute to ensure that principal and interest payment can be made as scheduled even if there are late property tax payments or delinquencies that may arise

The restricted balance is $814,899 along with the levy and state aid is sufficient to make pending principal and interest payments on the remaining School Building General Obligation Bonds

Internal Service Fund. As a result of GASB 45, the requirement to recognize the liability of Other Post-Employment Benefits (OPEB), the Post-Employment Benefits Fund was established in fiscal 2009 with initial funding of $258,643 from the General Fund The fund charges departments for the estimated cost of postemployment benefits including health insurance and early retirement obligations This fund was closed at June 30, 2021 The Internal Service Fund also accounts for the District's Self-insured Dental Plan established in July 2011 This Plan had positive net position of $19,384 at June 30, 2021

Fiduciary Funds Fiduciary Funds consists of an Employee Benefit Trust Fund The Employee Benefit Trust Fund consists of the OPEB Irrevocable Trust which holds cash and investments available for OPEB obligations The net position of the OPEB irrevocable trust was closed during current fiscal year (compared to $26,654 in the prior year)

GENERAL FUND BUDGETARY HIGHLIGHTS

The District provided a Final 2021 Budget in May 2021 The Final 2021 Budget revenue was $585,657 more than the Original 2021 Budget primarily due to higher Federal aid received than anticipated

The Actual 2021 revenue was $261,939 more than the Revised Budget Revenue

The Final 2021 Budget stated expenditures are $951,665 more than the Original 2021 Budget to reflect the purchases of more facilities projects, and pandemic impact on supplies The Actual expenditures were $346,100 more than projected

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District had invested (net of accumulated depreciation) in a broad range of capital assets including school buildings, athletic facilities, technology equipment, and other types of equipment. Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is $3,000 Donated capital assets are recorded as their acquisition value at the date of donation 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 District-wide financial statements, but are not reported in the Fund financial statements

	Total	
	2021	2020
Land	$ 984,000	$ 984,000
Land improvements	5,580,516	5,580,516
Buildings	72,262,933	72,262,933
Equipment	3,337,230	3,089,259
Total Capital Assets	82,164,679	81,916,708
Less accumulated depreciation	(27,054,800)	(25,000,555)
Total	$ 55,109,879	$ 56,916,153

Long Term Liabilities. As of June 30, 2021, the District had $47,743,290 in bonds outstanding at the end of the year A summary of outstanding long-term liabilities as of June 30, 2021, is as follows:

	Total	
	2021	2020
Bonds Payable	$ 47,743,290	$ 50,276,634
Capital Lease Payable		119,113
Total	$ 47,743,290	$ 50,395,747

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Unassigned Fund balance has increased above the Board Policy of 8%; at the end of FY2021 it is at 9.16% of current year unrestricted expenditures. Byron Public Schools continues to review their plans to be able to stay about the Board Policy while also dealing with COVID. COVID impact will continue to hinder the district financially but with planned enrollment increase the district will continue to plan on being above 8%.

Byron voters approved a $44.6 million dollar facility enhancements on November 2, 2021 and will be done over the next 3 fiscal years.

Byron Public Schools will continue to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office, Independent School District #531, 630 1st Ave. NW, Byron, Minnesota 55920.

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INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF NET POSITION
June 30, 2021
With Comparative Data as of June 30, 2020

	Governmental Activities 2021	Governmental Activities 2020
Assets		
Cash and cash equivalents	$ 5,479,515	$ 5,448,949
Taxes receivable	3,228,484	3,062,896
Other receivables	20,942	175,042
Due from other governmental units	2,424,332	2,352,050
Inventory	52,295	53,763
Prepaid items	212,008	145,648
Capital Assets:		
Nondepreciable	984,000	984,000
Depreciable, net	54,125,879	55,932,153
TOTAL ASSETS	66,527,455	68,154,501
Deferred Outflows of Resources		
Deferred outflows from pension activity	7,554,808	11,405,675
Deferred outflows from OPEB activity	120,640	76,586
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,675,448	11,482,261
Liabilities		
Accounts and contracts payable	191,625	185,375
Due to other governmental units	89,196	37,436
Unearned revenue	11,100	105,681
Accrued liabilities	2,140,102	2,028,108
Short-term indebtedness		450,000
Accrued interest payable	495,604	498,938
Long-Term Liabilities:		
Due within one year	2,873,344	2,407,989
Due in more than one year	44,869,946	47,987,758
OPEB liability	2,192,261	2,125,377
Net pension liability	15,572,688	13,043,189
TOTAL LIABILITIES	68,435,866	68,869,851
Deferred Inflows of Resources		
Deferred inflows from pension activity	11,497,236	16,935,253
Deferred inflows from OPEB activity	406,731	441,811
Taxes levied for subsequent year	6,283,807	5,539,798
TOTAL DEFERRED INFLOWS OF RESOURCES	18,187,774	22,916,862
Net Position		
Net investment in capital assets	7,959,410	7,461,687
Restricted:		
Operating capital	105,105	103,513
State-mandated restrictions	331,016	299,119
Community service	122,288	138,492
Debt service	814,899	839,407
Unrestricted	(21,832,758)	(20,992,169)
TOTAL NET POSITION	$ (12,420,737)	$ (12,149,951)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021
With Partial Comparative Data for the Year Ended June 30, 2020

	2021			
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
District and school administration	$ 1,451,079	$	$	$
District support services	923,766			
Regular instruction	12,616,956	860,120	1,315,076	
Vocational instruction	453,247	475		
Special education	3,054,323	144,646	1,761,283	
Community education and services	1,300,413	882,102	189,662	
Instruction support services	1,315,495			
Pupil support services	3,022,215	218,756	643,246	
Site, buildings, and equipment	5,156,863	199,876		434,446
Fiscal and other fixed cost programs	125,072		31,457	
Interest and other fiscal charges	1,614,011			
Total governmental activities	$ 31,033,440	$ 2,305,975	$ 3,940,724	$ 434,446

General Revenues:
Property taxes levied for:
General purposes
Community Service
Debt Service
State aid not restricted to specific purposes
Investment income
Miscellaneous
Total general revenues

Change in net position

Net position - Beginning

Net Position - Ending

See Notes to Financial Statements

2021 Net (Expense) Revenue and Changes in Net Position Total Governmental Activities	2020 Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
$ (1,451,079)	$ (1,256,144)
(923,766)	(873,664)
(10,441,760)	(10,205,493)
(452,772)	(417,272)
(1,148,394)	(1,234,745)
(228,649)	(221,214)
(1,315,495)	(1,373,715)
(2,160,213)	(2,614,068)
(4,522,541)	(4,740,024)
(93,615)	(74,182)
(1,614,011)	(1,369,874)
(24,352,295)	(24,380,395)
2,055,094	1,964,360
161,635	110,839
3,163,926	3,094,884
18,391,611	17,991,306
27,446	30,066
281,797	358,044
24,081,509	23,549,499
(270,786)	(830,896)
(12,149,951)	(11,319,055)
$ (12,420,737)	$ (12,149,951)

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021
With Partial Comparative Data for the Year Ended June 30, 2020

	General	Food Service	Community Service
Assets			
Cash and cash equivalents	$ 2,778,129	$	$ 155,263
Current property taxes receivable	1,251,152		42,669
Delinquent property taxes receivable	12,214		727
Accounts receivable	20,942		
Due from other funds	28,047		
Due from other Minnesota school districts	62,076		
Due from Minnesota Department of Education	1,979,295		12,928
Due from Federal through Minnesota Department of Education	154,939	107,813	11,100
Inventory		52,295	
Prepaid items	211,033		975
TOTAL ASSETS	$ 6,497,827	$ 160,108	$ 223,662
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities			
Accounts payable	$ 186,333	$ 463	$ 4,829
Salaries and accrued liabilities payable	2,055,053		85,049
Due to other funds		28,047	
Due to other Minnesota school districts	89,196		
Short-term indebtedness			
Unearned revenue	11,100		
TOTAL LIABILITIES	2,341,682	28,510	89,878
Deferred Inflows of Resources			
Unavailable revenue			
Delinquent property taxes	12,214		727
Taxes levied for subsequent year	2,486,462		89,177
TOTAL DEFERRED INFLOWS OF RESOURCES	2,498,676		89,904
Fund Balances			
Nonspendable	211,033	52,295	975
Restricted	436,121	79,303	122,288
Assigned	571,728		
Unassigned	438,587		(79,383)
TOTAL FUND BALANCES	1,657,469	131,598	43,880
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,497,827	$ 160,108	$ 223,662

See Notes to Financial Statements

Debt Service	Total Governmental Funds 2021	Total Governmental Funds 2020
$ 2,526,739	$ 5,460,131	$ 5,429,565
1,900,147	3,193,968	3,026,211
21,575	34,516	36,685
	20,942	175,042
	28,047	29,485
	62,076	159,810
96,181	2,088,404	2,144,464
	273,852	47,776
	52,295	53,763
	212,008	145,648
$ 4,544,642	$ 11,426,239	$ 11,248,449
$	$ 191,625	$ 185,375
	2,140,102	2,028,108
	28,047	26,571
	89,196	37,436
		450,000
	11,100	105,681
	2,460,070	2,833,171
21,575	34,516	36,685
3,708,168	6,283,807	5,539,798
3,729,743	6,318,323	5,576,483
	264,303	199,411
814,899	1,452,611	1,380,531
	571,728	562,458
	359,204	696,395
814,899	2,647,846	2,838,795
$ 4,544,642	$ 11,426,239	$ 11,248,449

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021
With Partial Comparative Data for the Year Ended June 30, 2020

	General	Food Service	Community Service
Revenues			
Local sources:			
Property tax levies	$ 2,057,263	$	$ 161,635
Other local and county sources	786,486	49,202	881,359
Investment income	26,371	7	77
State sources	20,339,804	10,465	174,275
Federal sources	815,837	633,576	14,708
Sales and other conversions of assets	12,334	218,756	
TOTAL REVENUES	24,038,095	912,006	1,232,054
Expenditures			
District and school administration	1,397,245		
District support services	931,823		
Regular instruction	11,600,622		
Vocational instruction	423,621		
Special education	2,946,695		
Community education and services			1,268,948
Instructional support services	1,393,638		
Pupil support services	2,259,707	802,944	
Site, buildings, and equipment	3,199,437		
Fiscal and other fixed cost programs	125,072		
TOTAL EXPENDITURES	24,277,860	802,944	1,268,948
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(239,765)	109,062	(36,894)
Other Financing Sources (Uses)			
Sale of equipment	1,156		
Bond refunding payment			
Bond proceeds			
Bond premium			
NET CHANGE IN FUND BALANCES	(238,609)	109,062	(36,894)
FUND BALANCE - BEGINNING	1,896,078	22,536	80,774
FUND BALANCE - ENDING	$ 1,657,469	$ 131,598	$ 43,880

See Notes to Financial Statements

	Total Governmental Funds	
Debt Service	2021	2020
$ 3,163,926	$ 5,382,824	$ 5,164,068
	1,717,047	2,008,736
991	27,446	30,066
961,264	21,485,808	20,893,540
	1,464,121	571,604
	231,090	655,762
4,126,181	30,308,335	29,323,776
	1,397,245	1,184,267
	931,823	861,276
	11,600,622	11,026,802
	423,621	382,035
	2,946,695	2,784,850
	1,268,948	1,189,765
	1,393,638	1,430,770
	3,062,651	3,484,119
	3,199,437	3,712,487
4,150,689	4,275,761	4,343,356
4,150,689	30,500,441	30,399,727
(24,508)	(192,105)	(1,075,951)
	1,156	500
		(12,475,000)
		11,180,000
		1,360,531
(24,508)	(190,949)	(1,009,920)
839,407	2,838,795	3,848,715
$ 814,899	$ 2,647,846	$ 2,838,795

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
DISTRICT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
June 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances (pages 17 and 18)		$ 2,647,846
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Governmental funds - capital assets	$ 82,164,679	
Less: Accumulated depreciation	27,054,800	
		55,109,879
Some long-term assets not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds:		
Delinquent property taxes		34,516
Internal service funds are used by management to charge the costs of OPEB and dental to individual funds The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position		19,384
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds and long-term debt payable	$ (47,743,290)	
Other postemployment benefit payable	(2,478,352)	
Net pension liability	(19,515,116)	
Accrued interest	(495,604)	
		(70,232,362)
Net position of governmental activities (page 14)		$ (12,420,737)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (pages 19 and 20)		$ (190,949)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Capital outlays	$ 247,971	
Depreciation expense	(2,054,245)	(1,806,274)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent property taxes		(2,169)
Internal service used to charge the cost of postemployment benefits for employees to departments. The net revenue (expense) of the internal service fund is reported as a governmental activity		2,914
The Governmental Funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interests is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows		
Principal retirement on long-term debt	$ 2,245,000	
Change in accrued interest expense	3,334	
Amortization of bond premium	288,517	
Amortization of bond discount	(173)	2,536,678
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position		
Repayment of capital lease principal		119,113
In the statement of activities, certain operating expenses - net pension liability, and other postemployment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid)		
Other postemployment benefit payable	$ 12,250	
Net pension liability	(942,349)	(930,099)
Change in net position of governmental activities (pages 15 and 16)		$ (270,786)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021
With Partial Comparative Data for the Year Ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	2021 Actual	Over (Under) Final Budget	2020 Actual
Revenues					
Local sources:					
Property tax levies	$ 2,020,369	$ 2,069,461	$ 2,057,263	$ (12,198)	$ 1,958,345
Other local and county sources	739,982	679,199	786,486	107,287	1,009,856
Investment income	15,000	2,200	26,371	24,171	13,870
State sources	20,213,848	20,245,748	20,339,804	94,056	19,589,810
Federal sources	192,000	767,214	815,837	48,623	240,377
Sales and other conversions of assets	9,300	12,334	12,334		8,375
TOTAL REVENUES	23,190,499	23,776,156	24,038,095	261,939	22,820,633
Expenditures					
District and school administration	1,267,516	1,372,261	1,397,245	24,984	1,184,267
District support services	1,163,705	885,503	931,823	46,320	861,276
Regular instruction	11,213,529	11,405,902	11,600,622	194,720	11,026,802
Vocational instruction	434,636	388,865	423,621	34,756	382,035
Special education	2,980,083	3,077,810	2,946,695	(131,115)	2,784,850
Instructional support services	1,268,461	1,368,280	1,393,638	25,358	1,430,770
Pupil support services	2,217,500	2,165,344	2,259,707	94,363	2,378,072
Site, buildings, and equipment	2,341,573	3,173,196	3,199,437	26,241	2,761,088
Fiscal and other fixed cost programs	93,092	94,599	125,072	30,473	113,580
TOTAL EXPENDITURES	22,980,095	23,931,760	24,277,860	346,100	22,922,740
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	210,404	(155,604)	(239,765)	(84,161)	(102,107)
Other Financing Sources					
Sale of equipment		1,156	1,156		500
NET CHANGE IN FUND BALANCE	210,404	(154,448)	(238,609)	(84,161)	(101,607)
FUND BALANCE - BEGINNING	1,896,078	1,896,078	1,896,078		1,997,685
FUND BALANCE - ENDING	$ 2,106,482	$ 1,741,630	$ 1,657,469	$ (84,161)	$ 1,896,078

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2021
With Partial Comparative Data for the Year Ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	2021 Actual	Over (Under) Final Budget	2020 Actual
Revenues					
Local sources:					
Other local and county sources	$ 125,500	$ 50,000	$ 49,202	$ (798)	$ 103,207
Investment income	60		7	7	79
State sources	46,000	10,333	10,465	132	32,675
Federal sources	272,000	622,540	633,576	11,036	331,227
Sales and other conversions of assets	810,000	202,185	218,756	16,571	647,387
TOTAL REVENUES	1,253,560	885,058	912,006	26,948	1,114,575
Expenditures					
Pupil support services	1,214,900	901,996	802,944	(99,052)	1,106,047
NET CHANGE IN FUND BALANCES	38,660	(16,938)	109,062	126,000	8,528
FUND BALANCES - BEGINNING	22,536	22,536	22,536		14,008
FUND BALANCES - ENDING	$ 61,196	$ 5,598	$ 131,598	$ 126,000	$ 22,536

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
For the Year Ended June 30, 2021
With Partial Comparative Data for the Year Ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	2021 Actual	Over (Under) Fina Budget	2020 Actual
Revenues					
Local sources:					
Property tax levies	$ 163,162	$ 141,623	$ 161,635	$ 20,012	$ 110,839
Other local and county sources	1,084,120	467,093	881,359	414,266	895,673
Investment income	1,500	500	77	(423)	2,150
State sources	120,266	159,040	174,275	15,235	125,990
Federal sources		3,608	14,708	11,100	
TOTAL REVENUES	1,369,048	771,864	1,232,054	460,190	1,134,652
Expenditures					
Community education and services	1,338,609	1,174,571	1,268,948	94,377	1,189,765
NET CHANGE IN FUND BALANCES	30,439	(402,707)	(36,894)	365,813	(55,113)
FUND BALANCES - BEGINNING	80,774	80,774	80,774		135,887
FUND BALANCES - ENDING	$ 111,213	$ (321,933)	$ 43,880	$ 365,813	$ 80,774

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2021
With Comparative Data as of June 30, 2020

	Postemployment Benefits	Self-Insured Dental	Governmental Activities - Internal Service Totals 2021	Governmental Activities - Internal Service Totals 2020
Assets				
Cash and investments	$	$ 19,384	$ 19,384	$ 19,384
Liabilities				
Due to other funds	$	$	$	$ 2,914
Net Position				
Unrestricted		19,384	19,384	16,470
TOTAL LIABILITIES AND NET POSITION	$	$ 19,384	$ 19,384	$ 19,384

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2021
With Partial Comparative Data for the Year Ended June 30, 2020

	Postemployment Benefit	Self-Insured Dental	Governmental Activities - Internal Service 2021	Governmental Activities - Internal Service 2020
OPERATING REVENUES				
Departmental charges	$	$ 145,998	$ 145,998	$ 122,711
OPERATING EXPENSES				
Dental claims		145,998	145,998	123,417
Post-retirement benefit expense	(2,914)		(2,914)	
Total Expenses	(2,914)	145,998	143,084	123,417
Operating income (loss)	2,914		2,914	(706)
NONOPERATING REVENUES:				
Investment earnings				2,840
Change in Net Position	2,914		2,914	2,134
Net Position - Beginning	(2,914)	19,384	16,470	14,336
Net Position - Ending	$	$ 19,384	$ 19,384	$ 16,470

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2021
With Partial Comparative Data for the Year Ended June 30, 2020

	Postemployment Benefits	Self-Insured Dental	Governmental Activities - Internal Service 2021	2020
Cash Flows From Operating Activities				
Cash received from other funds	$	$ 145,998	$ 145,998	$ 122,711
Cash payments for benefits	2,914	(145,998)	(143,084)	(123,417)
Net Cash Provided By (Used In) Operating Activities	2,914		2,914	(706)
Cash Flows From Investing Activities				
Decrease in due to other funds	(2,914)		(2,914)	(2,134)
Investment income				2,840
Net Cash Provided By (Used In) Investing Activities	(2,914)		(2,914)	706
Change in Cash and Cash Equivalents				
Cash and Cash Equivalents - Beginning		19,384	19,384	19,384
Cash and Cash Equivalents - Ending	$	$ 19,384	$ 19,384	$ 19,384

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities

Operating income (loss)	$ 2,914	$	$ 2,914	$ (706)
Adjustments to reconcile Operating income to Net Cash Provided By (Used In) Operating Activities:				
Postemployment benefit liability				
Net Cash Provided By (Used In) Operating Activities	$ 2,914	$	$ 2,914	$ (706)

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

	Employee Benefit Trust Fund OPEB Irrevocable Trust
Assets	
Cash and cash equivalents	$
NET POSITION, UNRESTRICTED	$

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021

	Employee Benefit Trust Fund
	OPEB Irrevocable Trust
Additions	
Other local and county sources	$ 782
Deductions	
Fiscal and other fixed cost programs	27,436
CHANGE IN NET POSITION	(26,654)
NET POSITION - BEGINNING	26,654
NET POSITION - ENDING	$

See Notes to Financial Statements

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INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

1. Summary of Significant Accounting Policies

Independent School District #531 was formed and operates pursuant to applicable Minnesota laws and statutes

The governing body consists of a seven-member board elected by the voters of the District to serve four-year terms

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments The following is a summary of the more significant accounting policies:

Financial Reporting Entity

Independent School District #531 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution The elected School Board (Board) is responsible for legislative and fiscal control of the District A Superintendent is appointed by the Board and is responsible for administrative control of the District

Accounting principles generally accepted in the United States of America (GAAP) require that the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization Based on the aforementioned criteria, the District has no component units

Student Activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities

Basic Financial Statement Presentation

The District-wide financial statements (i e the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole These statements include all the financial activities of the District, except for the fiduciary funds Fiduciary funds are reported only in the Statements of Fiduciary Net Position and Changes in Fiduciary Fund Net Position at the fund financial statement level

The Statement of Activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues *Direct expenses* are those that are clearly identifiable with a specific function or segment *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material inter-fund activity has been removed from the District-wide financial statements

1. Summary of Significant Accounting Policies (Continued)

Basic Financial Statement Presentation (Continued)

Separate Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds and the proprietary fund are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type. 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 District-wide statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied

The District-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State aids are recorded as revenue in the fiscal year for which the aids are designated by statute

Governmental fund types are accounted for using the modified accrual basis of accounting. Under this method revenues are recognized when susceptible to accrual, i.e. both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, state aids, fees, and interest. For this purpose, the District considers all revenue to be available if it is collected within 60 days after the end of the current period.

Expenditures are generally recognized using the modified accrual basis of accounting when a related fund liability is incurred. Exceptions to this rule include (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due

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 revenues of the District's internal service fund are charges to other funds for post-employment benefit costs. Operating expenses for internal service fund include the cost of post-employment benefits. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses

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

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the District-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes are recognized in the year for which the tax is levied. Revenue form grants and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year in when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met and recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources

Description of Funds

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources and transactions except those required to be accounted for in other funds

The *food service fund* accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches or snacks in connection with school activities

The *community service fund* accounts for the resources designated for programs other than those for elementary and secondary students

The *debt service fund* accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs

The District reports the following proprietary funds:

The *post-employment benefits fund* is an internal service fund which accounts for the cost of post-employment benefits of the District. Post-employment benefit costs are charged to other funds of the District based on an established rate. Internal service funds account for the financing of services, provided by one fund to other funds of the District on a cost reimbursement basis

The *self-insured dental fund* is an internal service fund which accounts for the cost of employee dental insurance on a cost reimbursement basis

1. Summary of Significant Accounting Policies (Continued)

Description of Funds (Continued)

The District reports the following fiduciary funds:

The *OPEB irrevocable trust fund* is an Employee Benefit Trust Fund for assets held in a trustee capacity for OPEB benefits. The District contributes to the fund for the payment of OPEB expenditures of the District.

Budgets and Budgetary Accounting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Building Construction, and Debt Service Funds. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board. Total fund expenditures in excess of the budget require approval of the School Board. Spending control for most funds is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Cash and Investments

Except where otherwise required, the District maintains all deposits in bank accounts in the name of the District. These deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative cash balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and investments, which is under the management of the District.

The District has designated cash and cash equivalents as demand deposits and all investments with an original maturity of three months or less.

Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

Use of Estimates

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

1. Summary of Significant Accounting Policies (Continued)

Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The District has reported as unearned revenue an amount equal to the amount equal to the lunch money students carry over the upcoming year.

Inventories

Inventories are recorded using the consumption method of accounting and consist of food and commodities on hand at June 30, 2021. The food is recorded at the lower of cost or market. The food inventories are valued using the latest invoice cost, which approximates FIFO inventory method. Surplus commodities are stated at standardized commodities cost as determined by the Department of Agriculture.

Prepaid Items

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

Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection 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 January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. 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 $106,561 of the property tax levy collectible in 2021 as revenue to the District is fiscal year 2020-2021. The remaining portion of the taxes collectible in 2021 is recorded as deferred inflows of resources.

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 deferred inflows of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2021, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation The District maintains a capitalization threshold level of $3,000 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 District-wide financial statement, but are not reported in the Fund financial statements Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes Deprecation is provided using the straight-line method applied over the following estimated useful lives of the assets

	Useful Life in Years
Buildings	20 - 50
Equipment	5 - 20

Capital assets not being depreciated include land

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

Compensated Absences and Termination Benefits

The District has employee and union contracts with several different employee groups Employee benefits under the contracts are different, but generally include provisions for sick leave, vacation leave, and termination benefits The District accounts for the employee benefits as follows:

Termination benefits can vary from year to year as the negotiated contracts change Termination benefits are discussed at Note 10

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method Bonds payable are reported net of the applicable bond premium or discount Bond issuance costs are reported as expenses in the period the debt was issued

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period The face amount of debt issued is reported as other financing sources Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

1. Summary of Significant Accounting Policies (Continued)

Self-Insurance

The District is self-insured for employees' dental insurance Claims are recorded when a determinable claim or loss has been incurred. In addition, the District records an estimated liability for claims incurred but not yet billed to the District as of the fiscal year end. The District purchases re-insurance on both an individual and aggregate basis, which limits risk to the District.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses Transactions that constitute reimbursements to a fund for expenditures/expenses or revenues/income initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses or revenues/income in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers

Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data has not been presented since the inclusion would not provide meaningful comparisons Certain amounts in the June 30, 2020 totals column have been reclassified to conform with the current year presentation

Concentration of Credit Risk

Financial instruments which expose the District to a concentration of credit risk consist primarily of cash and investments. Credit risk associated with cash and investments are discussed in Note 3.

Net Position

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

Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report separate section for deferred outflows of resources This is a separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time The District has two types of items One type of deferred outflows of resources is *pension related* and the other is *OPEB related* Both are reported in the statement of net position

Deferred Inflows of Resources

In addition to assets, the financial statements will sometimes report separate section for deferred inflows of resources This is a separate financial statement element, *deferred inflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time The District has three types of items The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year The second Type of deferred inflows of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting The third type, *pension related* and is reported in the statement of net position

1. Summary of Significant Accounting Policies (Continued)

Pensions

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

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

2. Stewardship and Accountability

Excess of expenditures over appropriations at the individual fund level during 2021 is as follows:

General Fund	$	346,100
Community Service Fund		94,377

Excess expenditures were the result of planned processes

The amounts due from and due to other funds as of June 30, 2021, at the individual fund level are summarized below:

	Due From Other Funds	Due To Other Funds
General Fund	$ 28,047	$
Special Revenue Fund:		
Food Service		28,047
Totals	$ 28,047	$ 28,047

The District utilized interfund balances for cash flow purposes

3. Deposits and Investments

Summary of Cash and Investments

As of June 30, 2021, the District's cash and investments consisted of the following items, all of which are held in an internal investment pool:

Deposits	$ 1,919,977
Mutual funds	211,000
Minnesota School District Liquid Asset Fund	3,348,538
Total Cash and Investments Per Statement of Net Position	$ 5,479,515

Investments Authorized by Minnesota Statutes

The District is authorized by Minnesota Statues to invest idle funds as follows:

a) Direct obligations or obligations guaranteed by the United States or its agencies
b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and 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 thirteen months or less
c) General obligations rated "A" or better; revenue obligations rated "AA" or better
d) General obligations of the Minnesota Housing Finance Agency rated "A" or better
e) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
f) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less
g) Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U S government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers
h) Guaranteed Investments 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

3. Deposits and Investments (Continued)

Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements)

The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs

The District's Investments within the fair value hierarchy at June 30, 2021 and 2020 were as follows:

At June 30, 2021

	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Mutual funds	$ 211,000	$ 211,000	$	$

At June 30, 2020

	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Mutual funds	$ 242,065	$ 242,065	$	$

3. Cash and Investments (Continued)

Fair Value Measurement (continued)

At June 30, 2021, the District's investment balances were as follows:

	Amortized Costs
Minnesota School District Liquid Asset Fund Liquid Class (MSDLAF)	$ 47,151
Minnesota School District Liquid Asset Fund Max Class (MSDLAF)	3,301,387

The MSDLAF is an external investment pool and its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments

The MSDLAF pool is rated AAAm by Standard & Poor's

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it The School District's deposit policy for custodial credit risk follows Minnesota Statutes for deposits The District's deposits are entirely covered by federal depository insurance or by collateral held by the District's custodial banks in the District's name

Minnesota Statues require that all District deposits be insured, secured by surety bonds or be collateralized Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds

Authorized collateral includes certain state of local government obligations and legal investments Minnesota Statues also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral

Credit Risk

The District has no investment policy that would limit its investment choices

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates

4. Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2021 are as follows:

Fund	Minnesota Department of Education	Federal Government Through MDE	Other Minnesota School Districts	Total
General	$ 1,979,295	$ 154,939	$ 62,076	$ 2,196,310
Food Service		107,813		107,813
Community Service	12,928	11,100		24,028
Debt Service	96,181			96,181
	$ 2,088,404	$ 273,852	$ 62,076	$ 2,424,332

5. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 984,000	$	$	$ 984,000
Total capital assets, not being depreciated	984,000			984,000
Capital assets, being depreciated:				
Buildings	72,262,933			72,262,933
Land improvements	5,580,516			5,580,516
Equipment	3,089,259	247,971		3,337,230
Total capital assets, being depreciated	80,932,708	247,971		81,180,679
Less accumulated depreciation for:				
Buildings	19,168,846	1,666,848		20,835,694
Land improvements	3,431,147	251,212		3,682,359
Equipment	2,400,562	136,185		2,536,747
Total accumulated depreciation	25,000,555	2,054,245		27,054,800
Total capital assets, being depreciated, net	55,932,153	(1,806,274)		54,125,879
Governmental activities capital assets, net	$ 56,916,153	$ (1,806,274)	$	$ 55,109,879

5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Regular instruction	$ 36,949
Vocational instruction	1,822
Special education	455
Community education	941
Pupil support services	42,192
Site, buildings and equipment	1,971,886
Total depreciation expense - governmental activities	$ 2,054,245

6. Long-Term Liabilities

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the following schedules General Obligation Bonds are serviced by the Debt Service Fund They are backed by the full faith and credit of the District

A summary of interest rates, maturities and June 30, 2021 balances is as follows:

	Original Amount of Debt	Range of Interest	Final Maturity	Balance June 30, 2021
General Obligation Bonds:				
School Building Bonds of 2014	$ 25,300,000	3 0% - 4 0%	2034	$ 25,300,000
School Building Bonds of 2016	2,410,000	2 0% - 2 75%	2031	1,850,000
Facilities Maintenance Bonds of 2017	9,500,000	2 0% - 3 75%	2034	9,265,000
Facilities Maintenance Bonds of 2018	780,000	2 0% - 3 75%	2035	780,000
School Building Refunding Bonds of 2019	11,180,000	5 0%	2025	9,250,000
Net Bond Premiums/Discounts				1,298,290
Total				$ 47,743,290

6. Long-Term Liabilities (Continued)

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable:					
General Obligation Bonds:					
School Building Bond 2014A	$ 25,300,000	$	$	$ 25,300,000	$
Facilities Maintenance Bond 2016A	1,995,000		145,000	1,850,000	150,000
School Building Bond 2017A	9,435,000		170,000	9,265,000	290,000
School Building Bond 2018A	780,000			780,000	
School Building Refunding Bond 2019A	11,180,000		1,930,000	9,250,000	2,145,000
Bond Premium: 2014A GO	12,508		893	11,615	893
Bond Premium: 2016A GO	4,116		374	3,742	374
Bond Premium: 2017A GO	212,016		15,144	196,872	15,144
Bond Discount: 2018A GO	(2,537)		(173)	(2,364)	(173)
Bond Premium: 2019A GO	1,360,531		272,106	1,088,425	272,106
Other Liabilities:					
2016 Capital lease	39,425		39,425		
Capital lease - iPads	79,688		79,688		
Governmental Activities Long-term Liabilities	$ 50,395,747	$	$ 2,652,457	$ 47,743,290	$ 2,873,344

The annual requirements to amortize all long-term debt outstanding as of June 30, 2021, over the life of the debt, are summarized below:

	General Obligation Bonds		
Years	Principal	Interest	Total
Governmental Activities			
2022	$ 2,585,000	$ 1,986,306	$ 4,571,306
2023	2,665,000	1,794,756	4,459,756
2024	2,820,000	1,596,406	4,416,406
2025	2,990,000	1,389,106	4,379,106
2026	3,285,000	1,168,250	4,453,250
2027-2031	18,350,000	4,096,356	22,446,356
2032-2035	13,750,000	1,042,713	14,792,713
Totals	$ 46,445,000	$ 13,073,893	$ 59,518,893

Payments on the general obligation bonds payable that pertain to the School District's governmental activities are made by the debt service fund The capital lease is primarily attributable to the governmental activities will be liquidated by the District's general fund

7. Fund Equity

The Governmental Accounting Standards Board (GASB) has issued Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below

- *Nonspendable,* such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned)
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action by the District's School Board (the district's highest level of decision-making authority)
- *Assigned* fund balance classification includes balance amounts that are intended to be used for a specific purpose that are neither considered restricted or committed Fund balance may be assigned by the Superintendent or Business Manager
- *Unassigned* fund balance classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balance in other governmental funds

Order of Fund Balance Spending Policy

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made

Minimum Fund Balance

The District has a formal minimum fund balance policy for the general fund unassigned fund balance to be at least eight percent of the annual budget

Restricted Fund Balances

Restriction of fund balance indicates that a portion of the fund balance is legally segregated for a specific future use The following is a summary of the restricted fund balances for the governmental funds:

Restricted for Community Ed - Represents available resources within the Community Service Fund for enrichment programs for any age level that are not part of the K-12 education program which are not taken for credit or required for graduation

Restricted for Early Child/Family Ed - Represents available resources within the Community Service Fund whose focus is to improve parenting skills of new and expectant parents, and/or to provide learning experiences for parents and children

Restricted for School Readiness - Represents the resources available to provide for services for school readiness programs

7. Fund Equity (Continued)

Restricted for Operating Capital - Beginning in the 1996-97 year, represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted for Long-Term Facilities Maintenance - Represents available resources to be used for LTFM projects in accordance with the 10 Year Plan.

Restricted for Student Activities – Represents the resources available for the extracurricular activity funds raised by students.

Restricted for Scholarships - Represents the resources available for the scholarship funds.

The following is a summary of fund financial balances as of June 30, 2021 with comparative totals for June 30, 2020:

	General	Food Service	Community Service	Debt Service	2021 Totals	2020 Totals
Nonspendable						
Inventory	$	$ 52,295	$	$	$ 52,295	$ 53,763
Prepaid items	211,033		975		212,008	145,648
Total nonspendable	211,033	52,295	975		264,303	199,411
Restricted						
Early childhood and family education			53,183		53,183	34,760
School readiness			48,734		48,734	82,004
Student activities	120,134				120,134	119,960
Scholarships	210,882				210,882	179,159
Operating capital	105,105				105,105	103,513
Food service fund		79,303			79,303	
Community service fund			20,371		20,371	21,728
Debt service fund				814,899	814,899	839,407
Total restricted	436,121	79,303	122,288	814,899	1,452,611	1,380,531
Assigned						
Greenhouse	46,728				46,728	37,458
Curriculum and instruction	175,000				175,000	175,000
Technology	175,000				175,000	175,000
Transportation	175,000				175,000	175,000
Total assigned	571,728				571,728	562,458
Unassigned	438,587		(79,383)		359,204	696,395
Total Fund Balance	$ 1,657,469	$ 131,598	$ 43,880	$ 814,899	$ 2,647,846	$ 2,838,795

7. Fund Equity (Continued)

The Uniform Financial Accounting and Reporting Standards (UFARS) fund balance reporting standards are slightly different from the reporting standards under GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Below is a reconciliation between the fund balance following GASB Standards and UFARS Reporting Standards:

	GASB Balance	Reconciling Balance	2021 UFARS Balance	2020 UFARS Balance
Nonspendable				
Inventory	$ 52,295	$	$ 52,295	$ 53,763
Prepaid items	212,008		212,008	145,648
Total nonspendable	264,303		264,303	199,411
Restricted				
Long-term facilities maintenance		(1,523,641)	(1,523,641)	(1,144,261)
Community education		(79,383)	(79,383)	(57,718)
Early childhood and family education	53,183		53,183	34,760
School readiness	48,734		48,734	82,004
Student activities	120,134		120,134	119,960
Scholarships	210,882		210,882	179,159
Operating capital	105,105		105,105	103,513
Food service fund	79,303		79,303	
Community service fund	20,371		20,371	21,728
Debt service fund	814,899		814,899	839,407
Total restricted	1,452,611	(1,603,024)	(150,413)	178,552
Assigned				
Greenhouse	46,728		46,728	37,458
Curriculum and instruction	175,000		175,000	175,000
Technology	175,000		175,000	175,000
Transportation	175,000		175,000	175,000
Total assigned	571,728		571,728	562,458
Unassigned	359,204	1,603,024	1,962,228	1,898,374
Total Fund Balance	$ 2,647,846	$	$ 2,647,846	$ 2,838,795

8. Defined Benefit Pension Plans - Statewide

Plan Description

1 General Employees Retirement Fund

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

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

2 Teachers Retirement Association (TRA)

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

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

Benefits Provided

1 General Employees Plan Benefits

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

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

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8. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

1 General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 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. 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

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

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

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

With these provisions:

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

b) 3 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).

Or

8. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

Tier II Benefits

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

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

Contributions

1. General Employees Fund Contributions

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021 were $241,504. The District's contributions were equal to the required contributions as set by the state statute.

2. TRA Contributions

Minnesota Statute, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended were:

	Ended June 30, 2021		Ended June 30, 2020	
	Employee	Employer	Employee	Employer
Basic	11.00%	12.13%	11.00%	11.92%
Coordinated	7.50%	8.13%	7.50%	7.92%

The District's contributions to the TRA Fund for the year ended June 30, 2021 were $801,435. The District's contributions were equal to the required contributions as set by the state statute.

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8. Defined Benefit Pension Plans – Statewide (Continued)

Contributions (Continued)

The following is a reconciliation of employer contributions in TRA's 2020 CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	$	425,223,000
Deduct employer contributions not related to future contribution effort		(56,000)
Deduct TRA's contributions not included in allocation		(508,000)
Total employer contributions	$	424,659,000
Total non-employer contributions		35,587,000
Total Contributions reported in Schedule of Employer and Non-Employer Allocations	$	460,246,000

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

Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of $2,709,947 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $83,397. 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. At June 30, 2020, the District's proportionate share was 0.0452 percent at the end of the measurement period and 0.0420 percent for the beginning of the period.

District's proportionate share of net pension liability	$	2,709,947
State's proportionate share of the net pension liability associated with the district	$	83,397

For the year ended June 30, 2021, the District recognized pension expense of ($77,188) for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional $7,258 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

8. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

At June 30, 2021, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 22,973	$ 10,253
Difference between projected and actual investment earnings	48,189	
Changes in actuarial assumptions		96,842
Change in proportion	132,691	80,483
Contributions paid to PERA subsequent to the measurement date	251,670	
Total	$ 455,523	$ 187,578

The $251,670 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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	$ (180,891)
2023	36,223
2024	95,469
2025	65,474

2 TRA Pension Costs

At June 30, 2021, the District reported a liability of $12,862,740 for its proportionate share of the 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 TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District The District's proportionate share was 0 1741 percent at the end of the measurement period and 0.1682 percent for the beginning of the period

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

District's proportionate share of net pension liability	$ 12,862,741
State's proportionate share of the net pension liability associated with the district	$ 1,077,992

8. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (continued)

For the year ended June 30, 2021, the District recognized pension expense of $1,019,537 It also recognized $61,958 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
Difference between expected and actual economic experience	$ 257,950	$ 190,074
Difference between projected and actual investment earnings	229,298	
Change in actuarial assumption	4,258,044	10,211,321
Changes in proportion	1,467,736	908,263
Contributions paid to TRA subsequent to the measurement date	886,257	
Total	$ 7,099,285	$ 11,309,658

The $886,257 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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	$ 415,631
2023	(3,393,099)
2024	(2,642,588)
2025	407,221
2026	116,205

Aggregate Pension Costs

Pension expense recognized by the District for the year ended June 30, 2021 is as follows:

General Employee Retirement Fund	$ (69,930)
TRA	1,081,495
	$ 1,011,565

8. Defined Benefit Pension Plans – Statewide (Continued)

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 following the actuarial assumptions:

1. General Employees Fund Actuarial Assumptions

Assumptions	General Employees Retirement Fund
Inflation	2.50% per year
Active Member Payroll Growth	3.00% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in PERA actuarial assumptions and plan provisions occurred in 2020:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- 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% 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 2-5 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 Scale MP-2018 to Scale 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% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

8. Defined Benefit Pension Plans – Statewide (Continued)

Changes in Plan Provisions:

- The Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2. TRA Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2020
Experience Study	June 5, 2015 November 6, 2017 (economic assumption)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increases	2.85% - 8.85% before July 1, 2028 and 3.25% -9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions:	
Pre-Retirement:	RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projections uses the MP-2015 scale.
Post-Retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustment of the rates. Generational projection uses the MP-2015 scale.
Post-Disability:	RP-2014 disabled retiree morality table, without adjustment.

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

8. Defined Benefit Pension Plans – Statewide (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35 5%	5 10%
International Equity	17 5%	5 30%
Private Markets	25 0%	5 90%
Fixed Income	20 0%	0 75%
Unallocated cash	2 0%	0 00%
Total	100%	

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

The following changes in TRA actuarial assumptions since the 2018 valuation:

- The COLA was reduced from 2 0% each January 1 to 1 0%, effective January 1, 2019 Beginning January 1, 2024, the COLA will increase 0 1% each year until reaching the ultimate rate of 1 5% in January 1, 2028
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth) However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt
- The COLA trigger provision, which would have increased the COLA to 2 5% if the funded ratio was at least 90% for two consecutive years, was eliminated
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits) Members who retire and are at least age 62 with 30 years of service are exempt
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019 Interest payable on refunds to members was reduced from 4 0% to 3 0%, effective July 1, 2018 Interest due on payments and purchases from members, employers is reduced from 8 5% to 7 5%, effective July 1, 2018
- The employer contribution rate is increased each July 1 over the next 6 years, (7 71% in 2018, 7 92% in 2019, 8 13% in 2020, 8 34% in 2021, 8 55% in 2022, and 8 75% in 2023) In addition, the employee contribution rate will increase from 7 50% to 7 75% on July 1, 2023 The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula

8. Defined Benefit Pension Plans – Statewide (Continued)

Discount Rate

1 General Employees Fund Discount Rate

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 the rates specified in Minnesota Statutes Based on those assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

2 TRA Discount Rate

The discount rate used to measure the total pension liability was 7 50 percent There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2019 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR)

Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
General Employee Retirement Fund Discount Rate	6 5%	7 5%	8 5%
District's proportionate share of the General Employee Retirement Fund net pension liability	$ 4,343,104	$ 2,709,947	$ 1,362,723
TRA Discount Rate	6 5%	7 5%	8 5%
District's proportionate share of the TRA net pension liability	$ 19,692,721	$ 12,862,741	$ 7,235,183

Pension Plan Fiduciary Net Position

Detailed information about the General Employees Retirement Fund's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information That report may be obtained on the Internet at www mnpera org

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

9. Commitments and Contingencies

The District participates in a number of federal and state agency assisted grant programs These programs are subject to program compliance audits by the grantors or their representatives The District does not anticipate any audit adjustments or disallowed program expenditures that would-be material in relation to the general-purpose financial statements taken as a whole

10. Severance Pay and Early Retirement Incentive Pay

The District has severance benefit policies for teachers and administrators For administrators employed for at least ten years, the maximum benefits could be up to 100 days of pay upon retirement Teachers who have completed at least 15 years of service and are 55 years of age and older are eligible The teacher may receive a severance payment of $18,000, offset by any 403(b) match contributions the District has already made on the retiree's behalf while they were actively employed

There is no severance obligation payable as of June 30, 2021

11. Flexible Benefit Plan

The District has a flexible benefit plan which is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code All employees of the District are eligible to participate in the plan Employees can elect to contribute pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits

Before the beginning of the plan year, which is from January 1 to August 31 for fiscal 2021 and September 1 to August 31 of each year after fiscal 2021, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the plan, whether or not such contributions have been made

Payments of insurance premiums (health, life, and disability) are made by the District directly to the designated insurance companies These payments are made on a monthly basis and are accounted for in the appropriate fund

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to eligible health 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

12. Other Post-Employment Benefits

The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions for the year ended June 30, 2021

Plan Description

The District provides health insurance benefits for certain retired employees under a single-employer plan The District provides benefits for retirees as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and if they do not participate in any other health benefits program providing similar coverage

Benefits Provided

These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program Retirees are required to pay 100% of the total premium cost Since the premium is a blended rate determined on the entire active retiree population, the retirees are receiving an implicit rate subsidy As of June 30, 2021 there were approximately 231 active participants and 24 retired participant in the District's group health plan

Funding Policy

The required contribution is based on projected pay-as-you-go method under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of date The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$	2,192,261
Plan fiduciary net position		
District's net OPEB liability	$	2,192,261
Plan fiduciary net position as a percentage of the total OPEB liability		0.0%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future Examples include assumptions about future employment, mortality, and healthcare cost trends Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations

12. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	1 92%
Expected return on plan assets	N/A
Inflation rate	2 25%
Teachers	From the July 1, 2020 Teachers Retirement Association of Minnesota (TRA) actuarial valuation, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments
Non-Teachers	From the July 1, 2020 PERA of Minnesota General Employees Retirement Plan actuarial valuation, mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments
Health care cost trend rate	6.7% for FY2021, gradually decreasing over several decades to an ultimate rate of 3.8% in FY2076 and later years.

The following changes in OPEB actuarial assumptions were changed during fiscal year 2021:

- The discount rate was changed from 2 45% to 1 92% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates
- The long-term expected rate of return on OPEB plan investments no longer applies as the plan is unfunded as of June 30, 2021
- Healthcare trend rates were reset to reflect updated cost increase expectations
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations
- The inflation assumption was changed from 2 50% to 2 25% based on an updated historical analysis of inflation rates and forward-looking market expectations

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

12. Other Post-Employment Benefits (Continued)

Changes in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning Balance 6/30/2020	$ 2,125,377	$ 26,654	$ 2,098,723
Changes for the Year			
Service Cost	133,892		133,892
Interest	53,354		53,354
Changes in assumptions	60,163		60,163
Difference between expected	(17,453)		(17,453)
Net investment income		782	(782)
Contributions (Employer)		135,636	(135,636)
Benefit payments	(163,072)	(163,072)	
Net Changes	66,884	(26,654)	93,538
Balance End of Year 6/30/2021	$ 2,192,261	$	$ 2,192,261

Net OPEB Liability Sensitivity to Discount and Health-Care 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 one percentage point lower or one percentage point higher than the current discount rate:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
1% decrease in Discount Rate (0 92%)	$ 2,362,512	$	$ 2,362,512
Current Discount Rate (1 92%)	2,192,261		2,192,261
1% increase in Discount Rate (2 92%)	2,030,865		2,030,865

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
1% decrease in Trend Rates	$ 2,086,980	$	$ 2,086,980
Current Trend Rates	2,192,261		2,192,261
1% increase in Trend Rates	2,320,816		2,320,816

12. Other Post-Employment Benefits (Continued)

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

For the current year end, the District recognized OPEB expense of ($12,250). As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	$	$ 333,782
Difference between projected and actual investment earnings	4,786	
Change in actuarial assumption	115,854	72,949
Total	$ 120,640	$ 406,731

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

Year ending June 30:	OPEB Expense Amount
2022	$ (37,936)
2023	(39,349)
2024	(40,315)
2025	(40,774)
2026	(40,790)
Thereafter	(86,927)

13. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries insurance for employee health, liability, property, and automotive insurance. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There was no reduction in insurance coverage during 2021.

Some of the District's risk management activities are recorded in the Internal Service Fund. The purpose of the fund is to administer the dental program of the District on a cost reimbursement basis. This fund accounts for the risk financing activities of the District but does not constitute a transfer of risk from the District.

14. Jointly Governed Organization

The District is a member of Zumbro Education District which was established in 1988 by its seven-member districts. The primary objective of this education district is to provide, by a cooperative effort, comprehensive education programs and other related services as can be effectively operated by its member districts. Each member shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements and other charges for services. The education district is able to recover the cost of its programming through the previously mention revenue sources. The jointly governed organization's financial statements are audited and available for inspections.

15. Bank Revolving Line of Credit

The District has a line of credit with First Security Bank bearing interest with a rate of 3.5%. The credit line is due July 31, 2021. The maximum funds available under the line of credit is $800,000. The lending line commitment is secured by substantially all assets of the District under a credit and security agreement. At June 30, 2021 there was no outstanding balance on the line of credit.

Last fiscal year, the District had a line of credit, bearing an interest rate of 4%, had an outstanding balance of $450,000. The line of credit was due July 31, 2020.

16. Self-Insured Dental

The District has elected to self-insure their employee dental insurance programs. The District has entered into an agreement with an insurance company to provide claims processing and other administrative duties. The District has established an internal service fund to account for contributions from other funds for dental insurance and to establish a reserve for catastrophic losses. The amounts charged to expenses include administrative fees, claims paid and accruals for claims incurred but not paid at year end. The District recorded expense of $145,998 for the year ended June 30, 2021.

	2021
Unpaid claims, beginning of year	$
Incurred claims	145,998
Claims payments	(145,998)
Unpaid claims, end of year	$

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2021

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

Other Post-Employment Benefits Plan
Schedule of Changes Net OPEB
Liability and Related Ratios

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service cost	$ 133,892	$ 115,998	$ 156,303	$ 151,457
Interest	53,354	64,774	89,761	86,162
Difference between expected and actual	(17,453)		(434,793)	
Changes of assumptions	60,163	74,078	(7,099)	(28,427)
Benefit payments	(163,072)	(165,869)	(182,099)	(182,392)
Net change in total OPEB liability	66,884	88,981	(377,927)	26,800
Total OPEB Liability - beginning of year	2,125,377	2,036,396	2,414,323	2,387,523
Total OPEB Liability - end of year	$ 2,192,261	$ 2,125,377	$ 2,036,396	$ 2,414,323
Plan Fiduciary Net Position				
Contributions	$ 135,636	$ 32,088	$	$ 66,872
Net investment income	782	2,840	4,282	5,194
Benefit payments	(163,072)	(165,869)	(182,099)	(182,392)
Net change in plan fiduciary net position	(26,654)	(130,941)	(177,817)	(110,326)
Plan Fiduciary Net Position - beginning of year	26,654	157,595	335,412	445,738
Plan Fiduciary Net Position - end of year	$	$ 26,654	$ 157,595	$ 335,412
Net OPEB Liability - End of Year	$ 2,192,261	$ 2,098,723	$ 2,078,911	$ 1,941,785
Fiduciary Net Position as a Percentage of the Total OPEB Liability	0 0%	1 3%	7 7%	13 9%
Covered payroll	$ 14,640,713	$ 12,346,169	$ 8,859,210	$ 8,236,572
Net OPEB Liability as a Percentage of Covered-Employee payroll	15 0%	17 0%	23 5%	23 6%

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

Schedule of District's Contributions
GERF Retirement Funds
Last Ten Years

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District Payroll	Contributions as a Percentage of Payroll
2015	PERA	$ 151,693	$ 151,693	$	$ 2,022,573	7 50%
2016	PERA	184,395	184,395		2,458,600	7 50%
2017	PERA	192,394	192,394		2,565,253	7 50%
2018	PERA	225,298	225,298		3,003,973	7 50%
2019	PERA	214,785	214,785		2,863,800	7 50%
2020	PERA	223,030	223,030		2,973,733	7 50%
2021	PERA	241,504	241,504		3,220,053	7 50%
2022						
2023						
2024						

Schedule of District's Contributions
TRA Retirement Funds
Last Ten Years

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District Payroll	Contributions as a Percentage of Payroll
2015	TRA	$ 506,300	$ 506,300	$	$ 6,750,667	7 50%
2016	TRA	604,584	604,584		8,061,120	7 50%
2017	TRA	626,475	626,475		8,353,000	7 50%
2018	TRA	694,912	694,912		9,265,495	7 50%
2019	TRA	675,420	675,420		9,005,600	7 50%
2020	TRA	736,191	736,191		9,548,521	7 71%
2021	TRA	801,435	801,435		10,119,129	7 92%
2022						
2023						
2024						

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
Public Employees PERA
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	District's Portion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0 0435%	$ 2,043,412	$	$ 2,043,412	$ 2,022,573	101%	78 70%
2015	0 0425%	2,202,571		2,202,571	2,458,600	90%	78 20%
2016	0 0413%	3,353,355	43,860	3,397,215	2,565,253	131%	68 90%
2017	0 0466%	2,974,913	37,431	3,012,344	3,003,973	99%	75 90%
2018	0 0426%	2,363,273	77,524	2,440,797	2,863,800	83%	79 53%
2019	0 0420%	2,322,086	72,164	2,394,250	2,973,733	78%	80 23%
2020	0 0452%	2,709,947	83,397	2,793,344	3,220,053	84%	79 06%
2021							
2022							
2023							

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
TRA
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	District's Portion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0 1585%	$ 7,303,566	$ 513,947	$ 7,817,513	$ 6,750,667	99%	81 50%
2015	0 1588%	9,823,351	1,205,074	11,028,425	8,451,126	118%	76 80%
2016	0 1606%	38,306,932	3,844,580	42,151,512	8,353,000	459%	44 90%
2017	0 1721%	34,354,282	3,320,279	37,674,561	9,265,495	371%	51 57%
2018	0 1630%	10,237,947	961,807	11,199,754	9,005,600	114%	78 07%
2019	0 1682%	10,721,103	948,862	11,669,965	9,548,521	112%	78 07%
2020	0 1741%	12,862,741	1,077,992	13,940,733	10,119,129	127%	75 48%
2021							
2022							
2023							

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

SUPPLEMENTAL INFORMATION

JUNE 30, 2021

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INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
COMPARATIVE BALANCE SHEET
GENERAL FUND
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 2,778,129	$ 2,945,080
Current property taxes receivable	1,251,152	1,055,037
Delinquent property taxes receivable	12,214	12,982
Accounts receivable	20,942	35,158
Due from other funds	28,047	29,485
Due from other Minnesota school districts	62,076	159,810
Due from Minnesota Department of Education	1,979,295	2,017,880
Due from Federal through Minnesota Department of Education	154,939	47,776
Prepaid items	211,033	145,648
TOTAL ASSETS	$ 6,497,827	$ 6,448,856
Liabilities		
Accounts payable	$ 186,333	$ 126,411
Salaries and accrued liabilities payable	2,055,053	1,969,570
Due to other Minnesota school districts	89,196	37,436
Short-term indebtedness		450,000
Unearned revenue	11,100	18,837
TOTAL LIABILITIES	2,341,682	2,602,254
Deferred Inflows of Resources		
Unavailable revenue:		
Delinquent property taxes	12,214	12,982
Taxes levied for subsequent year	2,486,462	1,937,542
TOTAL DEFERRED INFLOWS OF RESOURCES	2,498,676	1,950,524
Fund Balances		
Nonspendable	211,033	145,648
Restricted	436,121	402,632
Assigned	571,728	562,458
Unassigned	438,587	785,340
TOTAL FUND BALANCES	1,657,469	1,896,078
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,497,827	$ 6,448,856

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2021
With Partial Comparative Data for the Year Ended June 30, 2020

	Budgeted Amounts		2021	Over (Under)	2020
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$3,438,487	$ 3,176,165	$ 3,163,926	$ (12,239)	$ 3,094,884
Investment income		2,500	991	(1,509)	13,967
State sources	1,144,520	961,819	961,264	(555)	1,145,065
TOTAL REVENUES	4,583,007	4,140,484	4,126,181	(14,303)	4,253,916
Expenditures					
Fiscal and other fixed cost programs	4,466,556	4,150,689	4,150,689		4,229,776
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	116,451	(10,205)	(24,508)	(14,303)	24,140
Other Financing Sources (Uses)					
Bond refunding payment					(12,475,000)
Bond premium					1,360,531
Bond proceeds					11,180,000
NET CHANGE IN FUND BALANCES	116,451	(10,205)	(24,508)	(14,303)	89,671
FUND BALANCE - BEGINNING	839,407	839,407	839,407		749,736
FUND BALANCE - ENDING	$ 955,858	$ 829,202	$ 814,899	$ (14,303)	$ 839,407

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

TAX LEVY HISTORY

	20 Pay 21 Fiscal 22	19 Pay 20 Fiscal 21	18 Pay 19 Fiscal 20	17 Pay 18 Fiscal 19	16 Pay 17 Fiscal 18
Tax Levy*					
General Levy	$ 2,593,023	$ 2,048,977	$ 1,904,870	$ 1,745,531	$ 1,426,732
Community Service	89,177	163,769	113,406	107,421	108,573
Debt Redemption (Net)	3,708,168	3,438,487	3,364,636	3,367,400	3,363,031
TOTAL TAX LEVY	$ 6,390,368	$ 5,651,233	$ 5,382,912	$ 5,220,352	$ 4,898,336

* The tax levy includes property tax apportionments from Olmsted and Dodge Counties and state aid credits from the State of Minnesota

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INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

OTHER REQUIRED REPORTS

JUNE 30, 2021

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SMITH•SCHAFER
& ASSOCIATES, LTD.
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Independent School District #531
Byron, Minnesota

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Independent School District #531, Byron, Minnesota, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprises Independent School District #531, Byron, Minnesota's basic financial statements and have issued our report thereon dated November 24, 2021. 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; and the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Section 6.65.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Minnesota Legal Compliance

In connection with our audit, we noted that Independent School District #531 failed to comply with provisions of deposits and investments of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the schedule of findings and responses as finding 2021-001. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Independent School District #531's Response to Findings

The District's responses to the legal compliance finding identified in our audit have been included in the schedule of findings and responses and corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
November 24, 2021

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

SCHEDULE OF FINDINGS

JUNE 30, 2021

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FINDING 2021-001	**MINNESOTA LEGAL COMPLIANCE**
Condition:	Minnesota Statutes 118A.03 states that if a government entity desires to deposit an amount in excess of deposit insurance, it must obtain a bond or collateral which, when computed at its market value, shall be at least ten percent more than the amount of the excess deposit at the close of the banking day. At June 30, 2021, the District's deposits at First Security Bank were under collateralized.
Criteria:	The District should have controls in place to prevent under collateralization.
Questioned Costs:	The District has informed us they will work with First Security Bank to ensure the school follows Minnesota Statute 118A.03.
Effect:	No effect on the financial statements.
Cause:	Timing of the District's deposits for payroll and additional funding received during the fiscal year caused District to have deposits excess of deposit insurance and collateral.
Recommendation:	We recommend the District work alongside First Security Bank to ensure the District is properly collateralized under Minnesota Statute 118A.03.

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CORRECTIVE ACTION PLAN (CAP):

The Independent School District #531 respectfully submits the following corrective action plan for the year ended June 30, 2021. Audit period: July 1, 2020 - June 30, 2021.

The findings from the schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2021-001

Explanation of Disagreement with Audit Findings:
There is no disagreement with the audit finding.

Actions Planned in Response to Findings:
The management and accounting personnel review cash balances throughout the year to ensure the District is properly collateralized and work with First Security Bank to ensure the proper amount of bonding or collateral is possessed by the District.

Official Responsible for Ensuring CAP:
Todd Lechtenberg, Business Manager, is the official responsible for ensuring the planned responses.

Planned Completion Date for CAP:
Time of issuance of the audited financial statements.

Plan to Monitor Completion of CAP:
Dr. Michael Neubeck, Superintendent, will ensure the review and oversight by the Business Manager. He will do this through discussion with the Business Manager and reviewing the bank statement.

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#ByronBears

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

To the Board of Education
Independent School District #531
Byron, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Independent School District #531, Byron, Minnesota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Independent School District #531, Byron, Minnesota, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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Report on Internal Control Over Compliance (Continued)

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District #531, Byron, Minnesota, 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. We issued our report thereon dated November 24, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of this Report

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

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
November 24, 2021

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture		
Pass-through from Minnesota Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10 555	$ 63,117
Cash Assistance:		
School Breakfast Program	10 553	887
National School Lunch Program	10 555	5,278
Summer Food Service Program for Children	10 559	557,919
Subtotal for Child Nutrition Cluster:		627,201
Pass-through from FNS Midwest Regional Office:		
Pandemic-Electronic Benefits Transfer (P-EBT)	10 561	1,685
Subtotal - U S Department of Agriculture		628,886
U.S. Department of Treasury		
Pass-through from Minnesota Department of Education:		
Coronavirus Relief Fund	21 019C	502,021
Coronavirus State and Local Fiscal Recovery Fund - SAC Grant	21 027C	11,100
Subtotal - U S Department of Treasury		513,121
U.S. Department of Education		
Pass-through from Minnesota Department of Education:		
Title I Grants to Local Educational Agencies	84 010	30,522
Supporting Effective Instruction State Grants	84 367	18,794
Student Support and Academic Enrichment Program	84 424	10,000
Elementary and Secondary School Emergency Relief Fund	84 425DC	118,152
Pass-Through from Zumbro Education District:		
Special Education Cluster:		
Special Education - Grants to States	84 027	144,646
Subtotal for Special Education Cluster:		322,114
Subtotal - U S Department of Education		322,114
Total Expenditures of Federal Awards		$ 1,464,121

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Independent School District #531, Byron, Minnesota under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance) Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in assets, or cash flows of the District

All pass-through entities listed in the Schedule use the same CFDA numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers

2. Summary of Significant Accounting Principles

Expenditures reported on the Schedule are reported on the accrual basis of accounting Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement

3. Food Distribution

Nonmonetary assistance is reported in the schedule with the National School Lunch Program at the fair market value of the commodities received and disbursed which totaled $63,117.

4. Indirect Cost Rate

Independent School District #531 has not charged indirect costs to any of the federal programs Therefore, the election of the 10 percent de minimis indirect cost rate is not applicable as allowed under the Uniform Guidance.

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FINDINGS – FINANCIAL STATEMENT AUDIT

No findings were noted during the District's financial statement audit for the fiscal year ended June 30, 2020

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No major federal award program audit was required for the fiscal year ended June 30, 2020

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1 Type of auditor's report issued:	Unmodified			
2 Internal control over financial reporting:				
- Material weakness(es) identified?		Yes	X	No
- Significant deficiency(ies) identified?		Yes	X	None reported
3 Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

1 Internal control over major federal programs:				
- Material weakness(es) identified?		Yes	X	No
- Significant deficiency(ies) identified?		Yes	X	None reported
2 Type of auditor's report issued on compliance for major federal programs:	Unmodified			
3 Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 516(a)?		Yes	X	No

Programs Tested as a Major Program

CFDA Number(s)	Name of Federal Program or Cluster
- 10 553, 10 555, 10 559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee?		Yes	X	No

INDEPENDENT SCHOOL DISTRICT #531
BYRON, MINNESOTA

COMPLIANCE TABLE

JUNE 30, 2021

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Fiscal Compliance Report - 6/30/2021
District: BYRON (531-1)

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	$24 038 095	$24 038 088	$7
Total Expenditures	$24 277 860	$24,277,853	$7
Non Spendable			
4 60 Non Spendable Fund Balance	$211 033	$211 033	$0
Restricted / Reserved			
4 01 Student Activities	$120 134	$120,134	$0
4 02 Scholarships	$210 882	$210,882	$0
4 03 Staff Development	$0	$0	$0
4 07 Capital Projects Levy	$0	$0	$0
4 06 Cooperative Revenue	$0	$0	$0
4 13 Project Funded by COP	$0	$0	$0
4 14 Operating Debt	$0	$0	$0
4 16 Levy Reduction	$0	$0	$0
4 17 Taconite Building Maint	$0	$0	$0
4 24 Operating Capital	$105 105	$105,105	$0
4 26 $25 Taconite	$0	$0	$0
4 27 Disabled Accessibility	$0	$0	$0
4 28 Learning & Development	$0	$0	$0
4 34 Area Learning Center	$0	$0	$0
4 35 Contracted Alt. Programs	$0	$0	$0
4 36 State Approved Alt. Program	$0	$0	$0
4 38 Gifted & Talented	$0	$0	$0
4 40 Teacher Development and Evaluation	$0	$0	$0
4 41 Basic Skills Programs	$0	$0	$0
4 48 Achievement and Integration	$0	$0	$0
4 49 Safe School Crime - Crime Levy	$0	$0	$0
4 51 QZAB Payments	$0	$0	$0
4 52 OPEB Liab Not In Trust	$0	$0	$0
4 53 Unfunded Sev & Retirement Levy	$0	$0	$0
4 59 Basic Skills Extended Time	$0	$0	$0
4 67 LTFM	($1 523 641)	($1,523,641)	$0
4 72 Medical Assistance	$0	$0	$0
4 73 PPP Loan	$0	$0	$0
4 74 EIDL Loan	$0	$0	$0
Restricted			
4 64 Restricted Fund Balance	$0	$0	$0
4 75 Title VII Impact Aid	$0	$0	$0
4 76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4 18 Committed for Separation	$0	$0	$0
4 61 Committed Fund Balance	$0	$0	$0
Assigned			
4 62 Assigned Fund Balance	$571,728	$571,728	$0
Unassigned:			
4 22 Unassigned Fund Balance	$1 962 228	$1 962,229	($1)
02 FOOD SERVICES			
Total Revenue	$912 006	$912,007	($1)
Total Expenditures	$802 944	$802,945	($1)
Non Spendable			
4 60 Non Spendable Fund Balance	$52 285	$52 285	$0
Restricted / Reserved			
4 52 OPEB Liab Not In Trust	$0	$0	$0
4 74 EIDL Loan	$0	$0	$0
Restricted			
4 64 Restricted Fund Balance	$79 303	$79,302	$1
Unassigned			
4 63 Unassigned Fund Balance	$0	$0	$0
04 COMMUNITY SERVICE			
Total Revenue	$1 232 054	$1,232 054	$0
Total Expenditures	$1 268,948	$1 268 948	$0
Non Spendable			
4 60 Non Spendable Fund Balance	$975	$975	$0
Restricted / Reserved.			
4 26 $25 Taconite	$0	$0	$0
4 31 Community Education	($79 383)	($79,383)	$0
4 32 E.C.F.E	$53 183	$53,183	$0
4 40 Teacher Development and Evaluation	$0	$0	$0
4 44 School Readiness	$48 734	$48 734	$0
4 47 Adult Basic Education	$0	$0	$0
4 52 OPEB Liab Not In Trust	$0	$0	$0
4 73 PPP Loan	$0	$0	$0
4 74 EIDL Loan	$0	$0	$0
Restricted			
4 64 Restricted Fund Balance	$20,371	$20,370	$1
Unassigned.			
4 63 Unassigned Fund Balance	$0	$0	$0

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable			
4 60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved			
4 07 Capital Projects Levy	$0	$0	$0
4 13 Project Funded by COP	$0	$0	$0
4 67 LTFM	$0	$0	$0
Restricted			
4 64 Restricted Fund Balance	$0	$0	$0
Unassigned			
4 63 Unassigned Fund Balance	$0	$0	$0
07 DEBT SERVICE			
Total Revenue	$4 126,181	$4 126,181	$0
Total Expenditures	$4,150,689	$4,150,689	$0
Non Spendable			
4 60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved			
4 25 Bond Refundings	$0	$0	$0
4 33 Maximum Effort Loan Aid	$0	$0	$0
4 51 QZAB Payments	$0	$0	$0
4 67 LTFM	$0	$0	$0
Restricted			
4 64 Restricted Fund Balance	$814,806	[illegible]	$0
Unassigned.			
4 63 Unassigned Fund Balance	$0	$0	$0
08 TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4 01 Student Activities	$0	$0	$0
4 02 Scholarships	$0	$0	$0
4 22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
18 CUSTODIAL			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved			
4 01 Student Activities	$0	$0	$0
4 02 Scholarships	$0	$0	$0
4 48 Achievement and Integration	$0	$0	$0
4 64 Restricted Fund Balance	$0	$0	$0
20 INTERNAL SERVICE			
Total Revenue	$145,998	$145,998	$0
Total Expenditures	$143 084	$143,084	$0
4 22 Unassigned Fund Balance (Net Assets)	$19,384	$19,384	$0
25 OPEB REVOCABLE TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4 22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
45 OPEB IRREVOCABLE TRUST			
Total Revenue	$782	$781	$1
Total Expenditures	$27,436	$27,436	$0
4 22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
47 OPEB DEBT SERVICE			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable			
4 60 Non Spendable Fund Balance	$0	$0	$0
Restricted.			
4 25 Bond Refundings	$0	$0	$0
4 64 Restricted Fund Balance	$0	$0	$0
Unassigned.			
4 63 Unassigned Fund Balance	$0	$0	$0

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

FORM OF LEGAL OPINION

Independent School District No. 531
Byron, Minnesota

[Original Purchaser]

Re: $2,095,000 General Obligation School Building Bonds, Series 2022B
Independent School District No. 531 (Byron Public Schools)
Olmsted and Dodge Counties, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 531 (Byron Public Schools), Olmsted and Dodge Counties, Minnesota, of the obligations described above, dated, as originally issued, as of October 12, 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 on noncorporate taxpayers 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, 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 interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) for tax years beginning after December 31, 2022, and 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 12th day of October, 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: Current Property Valuations; Direct Debt; Tax Levies and Collections; Student Body; and 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) <u>Manner of Disclosure</u>.

(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) <u>Term; Amendments; Interpretation</u>.

(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

$2,095,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2022B INDEPENDENT SCHOOL DISTRICT NO. 531 (BYRON PUBLIC SCHOOLS), MINNESOTA

Proposals for the purchase of $2,095,000* General Obligation School Building Bonds, Series 2022B (the "Bonds") of Independent School District No. 531 (Byron Public Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 9:30 A.M. Central Time, on September 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 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 2, 2021 by the District for the purpose of financing the betterment of school facilities in the District. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated October 12, 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*
2024	$380,000	2026	$410,000	2028	$460,000
2025	395,000	2027	450,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 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. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

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

DELIVERY

On or about October 12, 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 $2,095,000 plus accrued interest on the principal sum of $2,095,000 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 9:30 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 $41,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The District and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to $250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the District scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The District's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The District reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the District requested and received a rating on the Bonds from a rating agency, the District will pay that rating fee. Any rating agency fees not requested by the District are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

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

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. 531
(Byron Public Schools), Minnesota

PROPOSAL FORM

The School Board **September 19, 2022**
Independent School District No. 531 (Byron Public Schools), Minnesota (the "District")

RE: $2,095,000* General Obligation School Building Bonds, Series 2022B (the "Bonds")
DATED: October 12, 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 $2,095,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due	2024	________	% due	2026	________	% due	2028
________	% due	2025	________	% due	2027			

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

All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of $41,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about October 12, 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 <u>not</u> 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 October 12, 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. 531 (Byron Public Schools), Minnesota, on September 19, 2022.

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