PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 17, 2024

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) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. See "TAX CONSIDERATIONS" herein.

New Issue | **Rating Application Made: S&P Global Ratings**

INDEPENDENT SCHOOL DISTRICT NO. 271 (BLOOMINGTON PUBLIC SCHOOLS), MINNESOTA

(Hennepin and Scott Counties)

(Minnesota School District Credit Enhancement Program)

$34,695,000* GENERAL OBLIGATION FACILITIES MAINTENANCE AND CAPITAL FACILITIES BONDS, SERIES 2024A

PROPOSAL OPENING: October 28, 2024, 9:30 A.M., C.T.
CONSIDERATION: October 28, 2024, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $34,695,000* General Obligation Facilities Maintenance and Capital Facilities Bonds, Series 2024A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 123B.595 and 123B.62, as amended, by Independent School District No. 271 (Bloomington Public Schools), Minnesota (the "District"), for the purposes of financing various deferred capital maintenance projects at District facilities as described in the District's updated ten-year facility plan and approved by the Commissioner of Education and improvements at the District's outdoor athletic facilities. The Bonds will be general obligations of the District for which its full faith and 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: November 21, 2024

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2026	$390,000	2031	$2,105,000	2036	$635,000
2027	435,000	2032	7,400,000	2037	665,000
2028	1,430,000	2033	5,800,000	2038	690,000
2029	4,515,000	2034	1,890,000	2039	720,000
2030	2,660,000	2035	5,360,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2033 and thereafter are subject to call for prior optional redemption on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: $34,695,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $693,900 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 Underwriter (Syndicate Manager). 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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BLOOMINGTON PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
Dawn Steigauf	Board Chair	January 2026
Matt Dymoke	Vice Chair	January 2026
Beth Beebe	Clerk	January 2026
Tom Bennett	Treasurer	January 2026
Nelly Korman	Member	January 2028
Mia Olson	Member	January 2028
Heather Starks	Member	January 2028

ADMINISTRATION

Eric Melbye, Superintendent of Schools
Rod Zivkovich, Executive Director of Finance & Support Services
Kimberly Agate, Controller

PROFESSIONAL SERVICES

Holman Law Offices, District Attorney, Bloomington, Minnesota

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. 271 (Bloomington Public Schools), Minnesota (the "District") and the issuance of its $34,695,000* General Obligation Facilities Maintenance and Capital Facilities Bonds, Series 2024A (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 October 28, 2024.

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 November 21, 2024. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

*Preliminary, subject to change.

OPTIONAL REDEMPTION

The Bonds maturing on and after February 1, 2033 are be subject to redemption and prepayment at the option of the District, in whole or in part, in such order as the District shall determine and within a maturity by lot as selected by the Registrar in multiples of $5,000, on February 1, 2032, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

The Clerk shall cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, shall cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 123B.595, and 123B.62, as amended, by the District, for the purposes of financing: (i) various deferred capital maintenance projects at District facilities and included in the District's updated ten-year facility plan approved by the Commissioner of Education (the "Facilities Maintenance Portion"); and (ii) certain improvements at the District's outdoor athletic facilities (the Capital Facilities Portion").

ESTIMATED SOURCES AND USES*

Sources	**Facilities Maintenance Portion**	**Capital Facilities Portion**	**Total Bond Issue**
Par Amount of Bonds	$27,100,000	$7,595,000	$34,695,000
Reoffering Premium	2,634,699	522,608	3,157,307
Funds on Hand - From Debt Service Fund	-	69,806	69,806
Total Sources	**$29,734,699**	**$8,187,414**	**$37,922,113**
Uses			
Total Underwriter's Discount (1.000%)	$271,000	$75,950	$346,950
Costs of Issuance	144,287	40,438	184,725
Capitalized Interest	1,618,472	69,806	1,688,278
Deposit to Construction Fund	27,700,939	8,001,220	35,702,159
Total Uses	**$29,734,699**	**$8,187,414**	**$37,922,113**

*Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	Facilities Maintenance Portion	Capital Facilities Portion	Total Bond Issue
2/01/2026	-	$390,000	$390,000
2/01/2027	$25,000	410,000	435,000
2/01/2028	1,000,000	430,000	1,430,000
2/01/2029	4,065,000	450,000	4,515,000
2/01/2030	2,190,000	470,000	2,660,000
2/01/2031	1,610,000	495,000	2,105,000
2/01/2032	6,880,000	520,000	7,400,000
2/01/2033	5,255,000	545,000	5,800,000
2/01/2034	1,315,000	575,000	1,890,000
2/01/2035	4,760,000	600,000	5,360,000
2/01/2036	-	635,000	635,000
2/01/2037	-	665,000	665,000
2/01/2038	-	690,000	690,000
2/01/2039	-	720,000	720,000
Total	**$27,100,000**	**$7,595,000**	**$34,695,000**

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the District to which its full faith and credit and taxing powers are pledged.

For Capital Facilities Bonds issued pursuant to Minnesota Statutes, Section 123B.62, the District is required to make an annual debt service levy equal to 105% of the debt service requirements on the Capital Facilities Portion of the Bonds. There will be an offsetting reduction each year in the District's general fund tax levy.

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 an ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

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

The District currently has an "AA" underlying rating from S&P and will be requesting an underlying rating 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 September 23, 2024 and the Award Resolution (collectively, the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, 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 July 29, 2024, for General Obligation State Bonds, Series 2024A, 2024B, 2024C, 2024D and 2024E, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts:

"As of June 30, 2024, 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 2054, is approximately $19,750,000,000. 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, 2024 is currently estimated at $1,500,000,000, with the maximum amount of principal and interest payable in any one month being $1,185,000,000. 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.

In the Award Resolution, the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

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

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

LEGAL OPINION

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

Tax-Exempt Interest

In the opinion of 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) 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 Bond 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 OID 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 OID on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued OID, if any), the purchaser may 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 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.

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 OID 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 OID) 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

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, 2023, have been audited by BerganKDV, Ltd., Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The 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 will be 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, and other funds) 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 of Minnesota (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.

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.

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.

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	2021/22	2022/23	2023/24
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 $1,900,000 - 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]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $2,150,000 - 0.50% [2] Over $2,150,000 - 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 $174,000 - .75% Over $174,000 - .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 $100,000 - .75% Over $100,000 - .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 $100,000 - .75% Over $100,000 - .25%
Industrial/Commercial/Utility[5]	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%

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

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

3 Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2023/24 Economic Market Value $18,563,483,198[1]

2023/24 Assessor's Estimated Market Value

	Hennepin County	Scott County	Total
Real Estate	$17,487,546,100	$12,931,600	$17,500,477,700
Personal Property	36,666,100	54,700	36,720,800
Total Valuation	$17,524,212,200	$12,986,300	$17,537,198,500

2023/24 Net Tax Capacity

	Hennepin County	Scott County	Total
Real Estate	$227,674,744	$258,632	$227,933,376
Personal Property	714,348	1,094	715,442
Net Tax Capacity	$228,389,092	$259,726	$228,648,818
Less:			
Captured Tax Increment Tax Capacity[2]	(13,624,797)	0	(13,624,797)
Fiscal Disparities Contribution[3]	(27,339,911)	(83,963)	(27,423,874)
Taxable Net Tax Capacity	$187,424,384	$175,763	$187,600,147
Plus: Fiscal Disparities Distribution[3]	13,211,657	0	13,211,657
Adjusted Taxable Net Tax Capacity	$200,636,041	$175,763	$200,811,804

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 94.78% of the actual selling prices of property most recently sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the District of $18,563,483,198.

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

3 Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2023/24 NET TAX CAPACITY BY CLASSIFICATION

	2023/24 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$100,462,228	43.94%
Agricultural	6,561	0.00%
Commercial/industrial	99,367,310	43.46%
Public utility	988,932	0.43%
Railroad operating property	175,672	0.08%
Non-homestead residential	26,270,107	11.49%
Commercial & residential seasonal/rec.	359,376	0.16%
Non Profit Community Association	303,190	0.13%
Personal property	715,442	0.31%
Total	$228,648,818	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Adjusted Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2019/20	$14,205,118,100	$13,874,843,393	$188,695,070	$161,568,389	6.52%
2020/21	14,550,259,000	14,225,381,047	193,547,272	165,451,533	2.43%
2021/22	14,877,177,900	14,585,838,927	194,083,852	166,358,494	2.25%
2022/23	16,966,887,100	16,741,702,332	219,764,794	193,336,352	14.05%
2023/24	17,537,198,500	17,317,037,936	228,648,818	200,811,804	3.36%

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

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

LARGEST TAXPAYING PARCELS AND TAXPAYERS[1]

Taxpayer	Type of Property	2023/24 Net Tax Capacity	Percent of District's Total Net Tax Capacity
MOAC Mall Holdings, LLC	Commercial	$16,355,250	7.15%
8500 Normandale PRPTS, LLC	Commercial	1,797,770	0.79%
8400 Normandale PRPRTS LLC	Commercial	1,447,160	0.63%
South Pad Hotel, LLC	Commercial	1,276,470	0.56%
BCS3 Housing, LLC	Apartment	1,218,397	0.53%
8300 Normandale PRPRTS, LLC	Commercial	1,209,560	0.53%
Kraus-Anderson, Inc.	Commercial	1,169,250	0.51%
LMC Bloomington Holdings	Apartment	1,156,400	0.51%
G&I VIII WF Plaza, LLC	Commercial	1,121,832	0.49%
8200 Normandale PRPRTS, LLC	Commercial	1,068,220	0.47%
Total		$27,820,309	12.17%

District's Total 2023/24 Net Tax Capacity $228,648,818

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Hennepin and Scott Counties.

DEBT

DIRECT DEBT[2]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[3] (includes the Bonds)* $180,410,000

*Preliminary, subject to change.

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

[2] Outstanding debt is as of the dated date of the Bonds.

[3] Based upon the Long Term Facilities Maintenance Revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of Intermediate District No. 917, an intermediate school district authorized by the Minnesota State Legislature to provide participating school districts with vocational, technical, and special education services. The District has a contractual obligation to make a portion of outstanding debt service payments, along with other Member Districts. The District's share of the total fiscal year 2024-25 payments on the obligations is estimated to be $58,713.90.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

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

STATE AID FOR DEBT SERVICE

The Minnesota Debt Service Equalization program provides state aid to finance a portion of the principal and interest payments on voter approved school building bonds. Bonds and Certificates that are not eligible for the program include all alternative facilities bonds, facilities maintenance bonds, capital facilities bonds, OPEB bonds, building bonds with relatively short maturities, and Certificates of Participation (COPs).

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

In addition to debt service equalization aid, some school districts will qualify for state Long Term Facilities Maintenance Aid to finance a portion of the payments on Alternative Facilities Bonds and Facilities Maintenance Bonds, pursuant to the Long Term Facilities Maintenance Revenue program approved by the State in 2015. If any aid is received, it is deposited into the school 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 (Minnesota Statutes, Section 273.1387). For taxes payable in 2023, and thereafter, the reimbursement percentage for each qualifying property is 70% of the property's eligible net tax capacity multiplied by the school debt tax rate determined under Minnesota Statutes, Section 275.08, subdivision 1b. 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 District does not currently qualify for the Agricultural Credit.

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:

2023/24 Economic Market Value	$18,563,483,198
Multiply by 15%	0.15
Statutory Debt Limit	$2,784,522,480
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes[1] (includes the Bonds)*	(176,020,000)
Unused Debt Limit*	$2,608,502,480

*Preliminary, subject to change.

[1] Does not include the $11,470,000 General Obligation Taxable OPEB Bonds, Series 2017B, as they are not subject to the debt limit calculation per Minnesota Statutes.

Independent School District No. 271 (Bloomington Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 11/21/2024)

	Alternative Facilities Bonds Series 2013A		Alternative Facilities Bonds Series 2014B		Facilities Maintenance Bonds Series 2017A		Taxable OPEB Refunding Bonds 1) Series 2017B		Facilities Maintenance Bonds Series 2019A	
Dated	06/04/2013		12/30/2014		03/23/2017		03/23/2017		03/14/2019	
Amount	$16,275,000		$25,965,000		$24,915,000		$11,470,000		$23,935,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2025	0	258,913	0	450,175	0	447,969	4,390,000	59,265	0	432,244
2026	1,065,000	517,825	0	900,350	0	895,938			2,015,000	864,488
2027	1,050,000	475,225	0	900,350	0	895,938			2,130,000	763,738
2028	955,000	443,725	0	900,350	0	895,938			2,160,000	657,238
2029	1,170,000	415,075	0	900,350	0	895,938			2,270,000	549,238
2030	1,400,000	379,975	0	900,350	0	895,938			2,365,000	481,138
2031	1,640,000	337,975	0	900,350	0	895,938			3,375,000	410,188
2032	1,890,000	286,725	0	900,350	0	895,938			2,540,000	308,938
2033	2,150,000	227,663	0	900,350	0	895,938			2,605,000	232,738
2034	4,855,000	157,788	1,570,000	900,350	0	895,938			0	154,588
2035			6,880,000	851,288	0	895,938			0	154,588
2036			7,515,000	610,488	0	895,938			0	154,588
2037			7,970,000	347,463	0	895,938			0	154,588
2038			2,030,000	68,513	5,250,000	895,938			0	154,588
2039					7,560,000	718,750			0	154,588
2040					7,985,000	463,600			0	154,588
2041					4,120,000	144,200			4,075,000	154,588
2042									400,000	14,000
	16,175,000	3,500,888	25,965,000	10,431,075	24,915,000	13,421,706	4,390,000	59,265	23,935,000	5,950,644

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

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Independent School District No. 271 (Bloomington Public Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 11/21/2024)

	Facilities Maintenance Bonds Series 2020A		Facilities Maintenance Bonds Series 2022A		Fac. Maint. and Cap. Facilities Bonds Series 2024A							
Dated	09/03/2020		12/29/2022		11/21/2024							
Amount	$27,205,000		$23,480,000		$34,695,000*							
Maturity	02/01		02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2025	3,540,000	236,984	1,435,000	546,325	0	333,278	9,365,000	2,765,152	12,130,152	171,045,000	5.19%	**2025**
2026	3,645,000	403,169	1,015,000	1,020,900	390,000	1,714,000	8,130,000	6,316,669	14,446,669	162,915,000	9.70%	**2026**
2027	3,005,000	330,269	1,090,000	970,150	435,000	1,694,500	7,710,000	6,030,169	13,740,169	155,205,000	13.97%	**2027**
2028	3,540,000	270,169	1,355,000	915,650	1,430,000	1,672,750	9,440,000	5,755,819	15,195,819	145,765,000	19.20%	**2028**
2029	3,210,000	199,369	1,375,000	847,900	4,515,000	1,601,250	12,540,000	5,409,119	17,949,119	133,225,000	26.15%	**2029**
2030	3,295,000	135,169	2,390,000	779,150	2,660,000	1,375,500	12,110,000	4,947,219	17,057,219	121,115,000	32.87%	**2030**
2031	1,805,000	69,269	3,060,000	659,650	2,105,000	1,242,500	11,985,000	4,515,869	16,500,869	109,130,000	39.51%	**2031**
2032	2,360,000	51,219	3,625,000	506,650	7,400,000	1,137,250	17,815,000	4,087,069	21,902,069	91,315,000	49.38%	**2032**
2033	2,455,000	27,619	3,800,000	325,400	5,800,000	767,250	16,810,000	3,376,956	20,186,956	74,505,000	58.70%	**2033**
2034			4,335,000	173,400	1,890,000	477,250	12,650,000	2,759,313	15,409,313	61,855,000	65.71%	**2034**
2035					5,360,000	382,750	12,240,000	2,284,563	14,524,563	49,615,000	72.50%	**2035**
2036					635,000	114,750	8,150,000	1,775,763	9,925,763	41,465,000	77.02%	**2036**
2037					665,000	83,000	8,635,000	1,480,988	10,115,988	32,830,000	81.80%	**2037**
2038					690,000	56,400	7,970,000	1,175,438	9,145,438	24,860,000	86.22%	**2038**
2039					720,000	28,800	8,280,000	902,138	9,182,138	16,580,000	90.81%	**2039**
2040							7,985,000	618,188	8,603,188	8,595,000	95.24%	**2040**
2041							8,195,000	298,788	8,493,788	400,000	99.78%	**2041**
2042							400,000	14,000	414,000	0	100.00%	**2042**
	26,855,000	1,723,234	23,480,000	6,745,175	34,695,000	12,681,228	180,410,000	54,513,215	234,923,215			

* Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2023/24 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
Counties of:				
Hennepin	$2,859,451,218	7.0166%	$1,271,970,000[3]	$89,249,047
Scott	318,207,331	0.0552%	96,455,000	53,243
Cities of:				
Bloomington	202,722,254	98.9572%	80,090,000	79,254,821
Edina	190,714,801	0.0145%	65,814,000	9,543
Savage	60,949,883	0.2884%	28,825,000	83,131
Special Districts of:				
Metropolitan Council	6,313,906,529	3.1805%	191,435,000[4]	6,088,590
Three Rivers Park District	2,052,772,775	9.7739%	54,980,000	5,373,690
District's Share of Total Overlapping Debt				$180,112,066

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

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

3 Hennepin County also has General Obligation Sales Tax Revenue Bonds (Ballpark Project) outstanding which are payable entirely from the proceeds of a dedicated 0.15% county-wide sales tax; and General Obligation Sales Tax Revenue Bonds (Transportation Sales Tax) which are expected to be paid from a 0.50% sales and use tax and a $20 per vehicle excise taxes. These issues have not been included in the overlapping debt or debt ratios.

4 The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation wastewater revenue, grant anticipation notes and certificates of participation outstanding all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $18,563,483,198	Debt/ Per Capita 91,503[1]
Total G.O. Debt Secured By Taxes and State Aids*	$180,410,000	0.97%	$1,971.63
District's Share of Total Overlapping Debt	$180,112,066	0.97%	$1,968.37
Total*	$360,522,066	1.94%	$3,940.00

*Preliminary, subject to change.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[2]	Total Collected Following Year	Collected to Date	% Collected
2019/20	$61,555,909	$61,273,420	$61,531,204	99.96%
2020/21	62,048,778	61,938,633	62,048,778	100.00%
2021/22	63,055,815	62,738,690	62,986,190	99.89%
2022/23	66,859,068	65,235,786	65,235,786	97.57%
2023/24	70,920,490	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.

1 Estimated 2023 population.

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

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

TAX CAPACITY RATES[1]

	2019/20	2020/21	2021/22	2022/23	2023/24
I.S.D. No. 271 (Bloomington Public Schools)	19.858%	20.251%	21.511%	17.307%	18.085%
Hennepin County	41.084%	38.210%	38.535%	34.542%	34.681%
Scott County	32.718%	31.025%	30.492%	26.578%	26.228%
City of Bloomington	41.082%	41.335%	42.351%	39.422%	40.601%
City of Edina	28.082%	28.939%	29.088%	28.194%	28.544%
City of Savage	42.357%	42.254%	40.326%	35.986%	37.606%
Hennepin County Railroad Authority	1.388%	1.323%	1.329%	1.188%	1.153%
Hennepin HRA	0.801%	0.722%	0.771%	0.663%	0.624%
Lower Minnesota Watershed District	N/A	0.387%	0.496%	0.467%	0.631%
Metropolitan Council (portion applicable to Hennepin County)	0.616%	0.631%	0.659%	0.576%	0.614%
Metropolitan Council (portion applicable to Scott County)	0.609%	0.634%	0.650%	0.538%	0.633%
Metro Mosquito	0.412%	0.381%	0.377%	0.331%	0.312%
Metro Transit (portion applicable to Hennepin County)	1.433%	1.256%	1.204%	1.066%	0.927%
Metro Transit (portion applicable to Scott County)	1.401%	1.249%	1.185%	1.085%	1.018%
Park Museum	0.710%	0.707%	0.722%	0.647%	0.694%
Scott County CDA	1.594%	1.590%	1.597%	1.385%	1.442%
Scott County Mosquito Control	0.399%	0.375%	0.364%	0.303%	0.316%
Three Rivers Park District	2.859%	2.793%	2.787%	2.473%	2.399%
Referendum Market Value Rates:					
City of Savage	0.00900%	0.00600%	N/A	N/A	N/A
I.S.D. No. 271 (Bloomington Public Schools)	0.19620%	0.18647%	0.17280%	0.18556%	0.18718%

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

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 1,828, including 880 non-licensed employees and 948 licensed employees (926 of whom are teachers). The District provides education for 9,687 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, as amended.

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, as amended.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Clerical	June 30, 2025
Food Service	June 30, 2025
Custodial/Bus Drivers	June 30, 2025
Health Service Association	June 30, 2025
Paraprofessional	June 30, 2025
Principals	June 30, 2025
Teachers	June 30, 2025

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 Basic Financial Statements (Audit) shows a total OPEB liability of $8,826,263 as of June 30, 2023. In April of 2009, the District issued $12,585,000 in OPEB Bonds to fund a revocable trust. As of June 30, 2023 the net position of the trust was $12,783,582. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent Audit.

STUDENT BODY

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2020/21	720	4,338	4,951	10,009
2021/22	600	4,134	4,911	9,645
2022/23	708	4,057	5,040	9,805
2023/24	658	4,079	4,945	9,682
2024/25	645	4,185	4,857	9,687

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2025/26	650	4,150	4,860	9,660
2026/27	650	4,140	4,850	9,640
2027/28	640	4,130	4,830	9,600

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Hillcrest Community School	1963	2001, 2023
Indian Mounds Elementary	1960	2001, 2015
Normandale Hills Elementary	1968	2000, 2014, 2024
Oak Grove Elementary	1967	2000, 2016
Olson Elementary	1967	2000
Poplar Bridge Elementary	1962	2001, 2019
Ridgeview Elementary	1962	2001, 2018
Valley View Elementary	1956	2000, 2015
Washburn Elementary	1960	2001, 2016
Westwood Elementary	1954	2000, 2014
Oak Grove Middle School	1969	2001
Olson Middle School	1967	2000, 2010
Valley View Middle School	1959	2001, 2021
Jefferson High School	1970	2001, 2013, 2016, 2019
Kennedy High School	1965	2002, 2015, 2019
Pond Center	1963	2004
Southwood Center	1960	2003

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.

FUNDS ON HAND (as of June 30, 2024)

Fund	**Total Cash and Investments**
General	$59,878,350
Food Service	4,146,995
Community Service	5,227,586
Debt Service	4,249,378
Building/Construction	19,044,271
OPEB Trust & Debt	15,742,336
Internal Service	22,646,358
Total Funds on Hand	$130,935,274

SUMMARY GENERAL FUND INFORMATION

The 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 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				
	2021 Audited	2022 Audited	2023 Audited	2024 Unaudited[1]	2025 Adopted Budget[2]
Revenues					
Local property taxes	$47,805,383	$48,077,277	$48,845,674	$53,433,464	$55,635,106
Other local and county revenues	2,892,499	3,703,962	4,591,569	5,756,259	3,596,350
Revenues from state sources	109,619,264	112,229,104	119,180,865	138,362,794	136,646,151
Revenues from federal sources	7,470,094	10,229,953	23,626,874	6,904,563	5,227,725
Sales and other conversion of assets	760	0	0	162,426	2,000
Total Revenues	$167,788,000	$174,240,296	$196,244,982	$204,619,506	$201,107,332
Expenditures					
Current:					
Administration	$6,562,215	$6,553,666	$6,472,032	$7,479,751	$7,609,309
District support services	4,940,706	5,431,087	5,233,473	6,017,621	5,723,045
Elementary & secondary regular instruction	73,662,633	77,165,815	78,605,675	82,182,510	81,199,879
Vocational education instruction	1,150,862	1,242,696	1,340,945	1,473,822	1,640,166
Special education instruction	36,363,766	38,394,858	41,819,992	48,092,655	54,055,242
Instructional support services	9,320,732	10,486,207	11,256,353	12,323,218	15,581,748
Pupil support services	12,545,735	15,667,830	18,382,976	18,435,663	20,851,119
Sites and buildings	11,653,245	11,545,528	12,158,934	10,076,385	11,974,516
Fiscal and other fixed cost programs	379,238	396,050	560,096	519,251	588,150
Capital outlay	6,298,279	2,902,060	8,916,351	7,763,626	10,024,377
Debt service	69,855	806,612	747,659	0	0
Total Expenditures	$162,947,266	$170,592,409	$185,494,486	$194,364,502	$209,247,551
Excess of revenues over (under) expenditures	$4,840,734	$3,647,887	$10,750,496	$10,255,004	($8,140,219)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	$37,159	$314	$67,711	$0	$2,000
Insurance recovery	0	0	5,665	0	0
Lease proceeds	0	0	22,312	0	0
Transfers in	0	0	0	0	0
Transfers (out)	(340,020)	(380,056)	(465,357)	(406,795)	(400,000)
Total Other Financing Sources (Uses)	($302,861)	($379,742)	($369,669)	($406,795)	($398,000)
Net changes in Fund Balances	$4,537,873	$3,268,145	$10,380,827	$9,848,209	($8,538,219)
General Fund Balance July 1	$26,230,420	$30,768,293	$34,036,438		
Prior Period Adjustment	0	0	0		
Residual Equity Transfer in (out)	0	0	0		
General Fund Balance June 30	$30,768,293	$34,036,438	$44,417,265		
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$571,917	$421,164	$350,963		
Restricted	13,716,021	15,005,067	17,166,139		
Committed	2,525,363	2,504,633	13,897,134		
Assigned	123,000	123,000	120,000		
Unassigned	13,831,992	15,982,574	12,883,029		
Total	$30,768,293	$34,036,438	$44,417,265		

[1] Unaudited data is as of October 8, 2024.

[2] The 2024-25 budget was adopted on June 24, 2024. The District's fiscal year 2025 budget includes a planned spend down of fund balance that will maintain reserves consistent with the district's fund balance policy.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 89,974 and a 2023 population estimate of 91,503, and comprising an area of 38.21 square miles, is located approximately ten (10) miles south of Minneapolis, Minnesota.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Mall of America	Shopping center	10,829 [2]
HealthPartners	Health insurance provider	3,600
Seagate Technology	Design and develop disc drive heads	3,500
I.S.D. No. 271 (Bloomington Public Schools)	Elementary and secondary education	1,828
Donaldson Companies, Inc.	Filtration systems and replacement parts provider	1,200
The Toro Company	Landscape machinery manufacturer	1,200
Willis Towers Watson	Advisory brokering solutions	1,000
SICK, Inc.	Surgical & medical instrument manufacturers	864
Emerson Automation Management	Control systems	700
Normandale Community College	Post secondary education	700

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 The Mall of America alone has 829 employees with each tenant having its own additional employees which is approximately 10,000 tenant employees.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	82,887
2020 U.S. Census population	89,974
Percent of Change 2010 - 2020	8.55%
2023 State Demographer Estimate	91,503

Income and Age Statistics

	The District	Hennepin County	State of Minnesota	United States
2022 per capita income	$47,761	$55,199	$44,947	$41,261
2022 median household income	$87,250	$92,595	$84,313	$75,149
2022 median family income	$106,589	$126,404	$107,072	$92,646
2022 median gross rent	$1,424	$1,373	$1,178	$1,268
2022 median value owner occupied units	$326,900	$358,000	$286,800	$281,900
2022 median age	41.8 yrs.	37.2 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
District % of 2022 per capita income	106.26%	115.75%
District % of 2022 median family income	99.55%	115.05%

Source: 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (https://data.census.gov) and Minnesota State Demographer (https://mn.gov/admin/demography/data-by-place/school-district-data.jsp).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	**Hennepin County**	**Hennepin County**	**State of Minnesota**
2020	667,782	6.6%	6.3%
2021	668,831	3.8%	3.7%
2022	685,129	2.4%	2.7%
2023	689,878	2.6%	2.8%
2024, August	675,625	3.8%	3.9%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

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

bergankDV

Independent School District No. 271
Bloomington, Minnesota

Basic Financial Statements

June 30, 2023

Independent School District No. 271
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Independent School District No. 271
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Independent School District No. 271
Board of Education and Administration
June 30, 2023

Board of Education	Position	Term Expires
Heather Starks	Chair	January 1, 2024
Dawn Steigauf	Vice Chair	January 5, 2026
Mia Olson	Clerk	January 1, 2024
Matt Dymoke	Treasurer	January 5, 2026
Beth Beebe	Director	January 5, 2026
Tom Bennett	Director	January 5, 2026
Nelly Korman	Director	January 1, 2024

Administration	
Dr. Eric Melbye	Superintendent
Rod Zivkovich	Executive Director of Finance and Support Services
Kim Agate	Controller

Independent Auditor's Report

To the School Board
Independent School District No. 271
Bloomington, Minnesota

<u>Report on the Audit of the Financial Statements</u>

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 271, Bloomington, Minnesota, as of and for the year ended June 30, 2023 and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 271, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 271 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Implementation of GASB 96

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 271 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (Continued)
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor′s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management′s Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management′s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of the District's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota
November 20, 2023

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Independent School District No. 271
Management's Discussion and Analysis

This section of the Independent School District No. 271, Bloomington Public Schools' (the "District") annual financial report presents the Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The MD&A is required supplementary information specified in the GASB Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999*. Certain comparative information is required to be presented in the MD&A between the current year (2022-2023) and the prior year (2021-2022).

Financial Highlights

- Total net position at June 30, 2023, was negative $45.3 million, an increase of nearly $33 million in net position compared to the prior year.

- Overall program and general revenues were $230.6 million, $32.5 million more than related expenses of $198.2 million.

- Total General Fund balance (under the governmental fund presentation) increased $10.4 million from the prior year.

Overview of the Financial Statements
This annual financial report consists of four parts:

- Independent Auditor's Report

- Management's Discussion and Analysis

- Basic Financial Statements

- Required Supplementary Information

The basic financial statements include two kinds of statements that present different views of the District:

1. The government-wide financial statements provide both short-term and long-term information about the District's overall financial status. These include:

    - The Statement of Net Position

    - The Statement of Activities

2. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

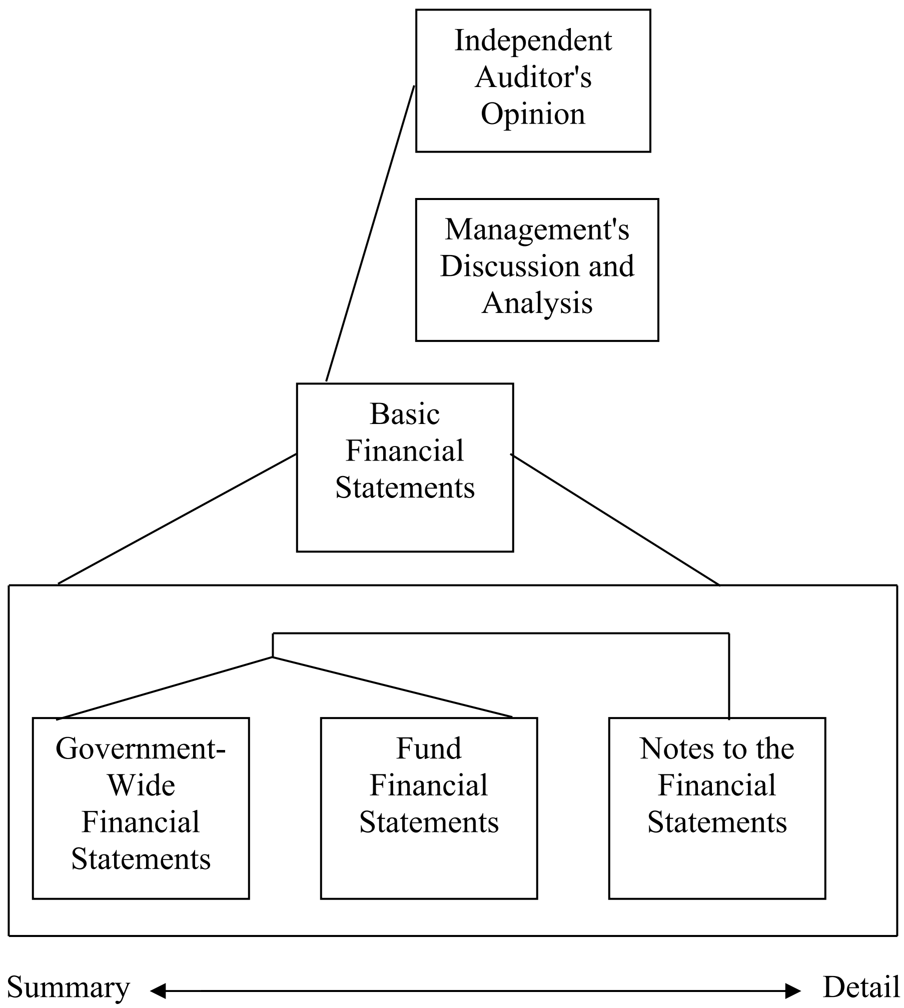
Overview of the Financial Statements (Continued)

- The governmental funds statements examine how basic services, such as regular and special education were financed in the short-term, as well as what remains for future spending.
- Proprietary funds statements present short-term and long-term financial information about the activities the District operates like businesses, such as dental and medical self-insurance, retiree severance and vacation funds.
- 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. The District is the Agent for the Bloomington Education Cable Television Fund. The District is also holding funds to be paid to Bloomington Kennedy graduates for college scholarships.

Overview of the Financial Statements (Continued)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 on the following page shows how the various parts of this annual report are arranged and how they relate to one another.

Figure A-1
Organization of the District's Annual Financial Report



Overview of the Financial Statements (Continued)
Figure A-2, shown below, summarizes the major features of the District's financial statements, including the portion of the District's activities which they cover and the types of information that they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the Government-Wide and Fund Financial Statements
Fund Financial Statements

	Government-Wide Financial Statements	Government Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except Fiduciary Funds)	The activities of the District that are not proprietary or fiduciary, such as special education, food service, community education and building maintenance	Activities the District operates similar to private businesses, such as self-insured medical and dental funds	Instances in which the District administers resources on behalf of someone else, such as Bloomington Educational Cable and student activities accounts
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Financial Statements

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

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

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

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

In the government-wide financial statements, the District's activities are presented in one category titled governmental activities.

- **Governmental Activities**: Most of the District's basic services are included here, such as regular and special education, transportation and administration. State formula aid and property taxes 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. "Non-major" funds such as, food service and community service do not meet the threshold to be classified as "major" funds.

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 (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

Fund Financial Statements (Continued)

The District has two 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 the reader 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 government-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them.

- **Proprietary Funds**: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District uses internal service funds to report activities that provide supplies and services for its other programs and activities. The District currently has four internal service funds; the Self-Insured Dental Fund, Self-Insured Medical Benefits Fund, Other Post-Employment Benefits (OPEB) Fund, and the Retiree Benefits Fund.

Fund Financial Statements (Continued)

***Net Position*:** The District's combined net position on June 30, 2023, was negative $45.3 million, an increase of nearly $33 million in net position compared to the prior year (See Figure A-3).

Figure A-3
Net Position - Governmental Activities

	Year Ended 2023	Year Ended 2022	Percentage Change
Assets			
Current and other assets	$ 215,461,248	$ 184,173,717	16.99%
Capital assets	138,767,255	138,521,801	0.18%
Total assets	354,228,503	322,695,518	9.77%
Deferred Outflows of Resources	46,432,138	48,154,967	-3.58%
Total assets and deferred outflows of resources	$ 400,660,641	$ 370,850,485	8.04%
Liabilities			
Other liabilities	$ 30,083,509	$ 25,980,570	15.79%
Long-term liabilities	320,347,158	240,478,791	33.21%
Total liabilities	$ 350,430,667	$ 266,459,361	31.51%
Deferred Inflows of Resources	$ 95,515,658	$ 182,923,839	-47.78%
Net Position			
Net investment in capital assets	$ 7,082,091	$ 8,909,592	-20.51%
Restricted	26,466,667	24,570,333	7.72%
Unrestricted	(78,834,442)	(112,012,640)	29.62%
Total net position	$ (45,285,684)	$ (78,532,715)	42.34%

***Changes in Net Position*:** The District's total revenues were $230.6 million for the year ended June 30, 2023 (See Figure A-4). Property taxes and state formula aid accounted for 62% of the District's revenue. (See Figure A-5). Another 31% came from grants and contributions restricted for specific programs. The remainder came from fees charged for services and miscellaneous sources. The total cost of all programs and services was $198.2 million. The District's expenses are predominantly related to direct instruction, instructional, and pupil support services (66%) (See Figure A-6). The District's administration and district support expenses are 6% of total costs.

Financial Analysis of the District as a Whole

Figure A-4
Change in Net Position

	Year Ended 2023	Year Ended 2022	Percentage Change
Revenues			
Program revenues			
Charges for services	$ 8,122,352	$ 6,395,827	26.99%
Operating grants and contributions	72,236,143	58,233,379	24.05%
Capital grants and contributions	1,691,602	1,691,044	0.03%
General revenues			
Property taxes	63,348,436	62,602,155	1.19%
State aid-formula grants	80,296,140	75,501,280	6.35%
Other	4,945,627	1,352,325	265.71%
Total revenues	230,640,300	205,776,010	12.08%
Expenses			
Administration	5,783,785	6,299,767	-8.19%
District Support Services	5,624,201	5,340,935	5.30%
Elementary and Secondary Regular Instruction	64,140,944	74,303,591	-13.68%
Vocational Education Instruction	1,051,948	1,189,630	-11.57%
Special Education Instruction	36,180,630	36,822,004	-1.74%
Instructional Support Services	11,443,385	11,131,950	2.80%
Pupil Support Services	17,940,584	15,568,741	15.23%
Sites and Buildings	22,714,247	15,519,974	46.35%
Fiscal and other fixed cost programs	560,096	396,050	41.42%
Food Service	6,015,044	5,307,909	13.32%
Community Education and Services	11,642,837	10,721,141	8.60%
Unallocated depreciation/amortization	10,558,950	10,828,017	-2.48%
Interest and fiscal charges on long-term debt	4,499,152	4,341,676	3.63%
Total expenses	198,155,803	197,771,385	0.19%
Increase (decrease) in net position	32,484,497	8,004,625	305.82%
Net Position			
Net position - beginning, as previously stated	(78,532,715)	(86,537,340)	-9.25%
Change in accounting principle	762,534	-	
Beginning of year, as restated	(77,770,181)	(86,537,340)	10.13%
End of year	$ (45,285,684)	$ (78,532,715)	42.34%

Financial Analysis of the District as a Whole (Continued)

Figure A-5
Source of Revenues for Fiscal Year 2023

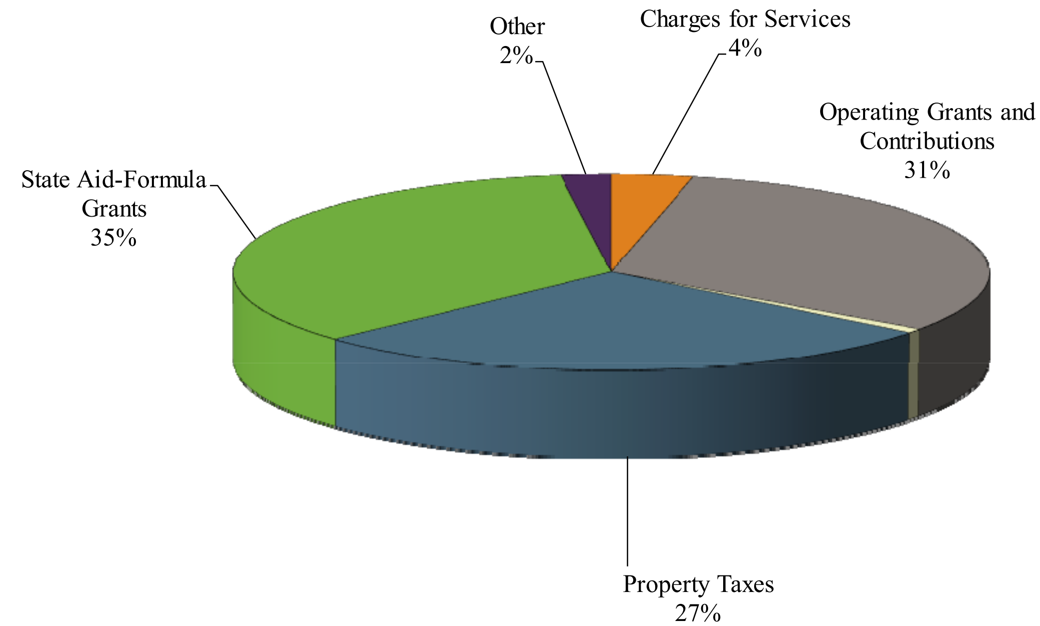
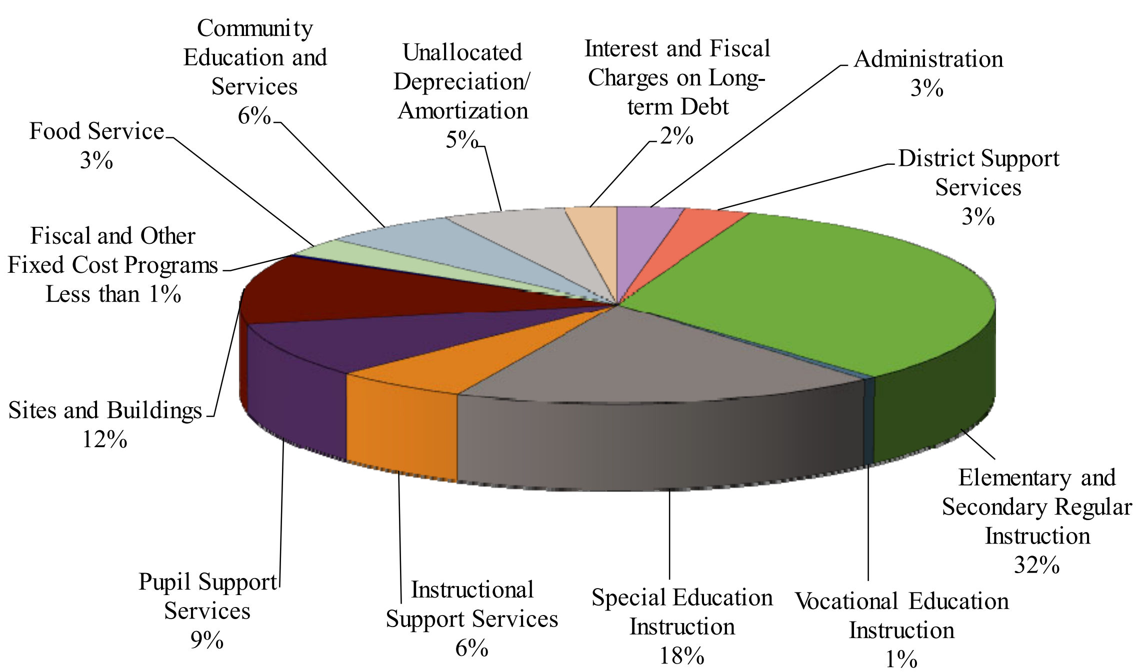


Figure A-6
Expenses for Fiscal Year 2023



Governmental Activities
Figure A-7 presents the cost of District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

Figure A-7

Net Cost of Governmental Activities
Year Ended June 30, 2023

	Total Cost of Services	Net Cost of Services
Administration	$ 5,783,785	$ 5,783,785
District Support Services	5,624,201	5,624,201
Elementary and Secondary Regular Instruction	64,140,944	31,580,174
Vocational Education Instruction	1,051,948	988,392
Special Education Instruction	36,180,630	6,703,383
Instructional Support Services	11,443,385	11,443,385
Pupil Support Services	17,940,584	14,933,222
Sites and Buildings	22,714,247	20,824,972
Fiscal and other fixed cost programs	560,096	560,096
Food Service	6,015,044	901,472
Community Education and Services	11,642,837	1,704,522
Unallocated depreciation	10,558,950	10,558,950
Interest and fiscal charges on long-term debt	4,499,152	4,499,152
Total	$ 198,155,803	$ 116,105,706

- Various fees and charges paid by users of the District services accounted for 3.5% or $8.1 million of expenses.
- Grants and contributions totaling $73.9 million, or 32.1%, offset other specific program costs.
- Local property taxes, state aid, federal grants and District fund balances (when expenses exceed revenues) provided funding for remaining costs of District services ($148.6 million).

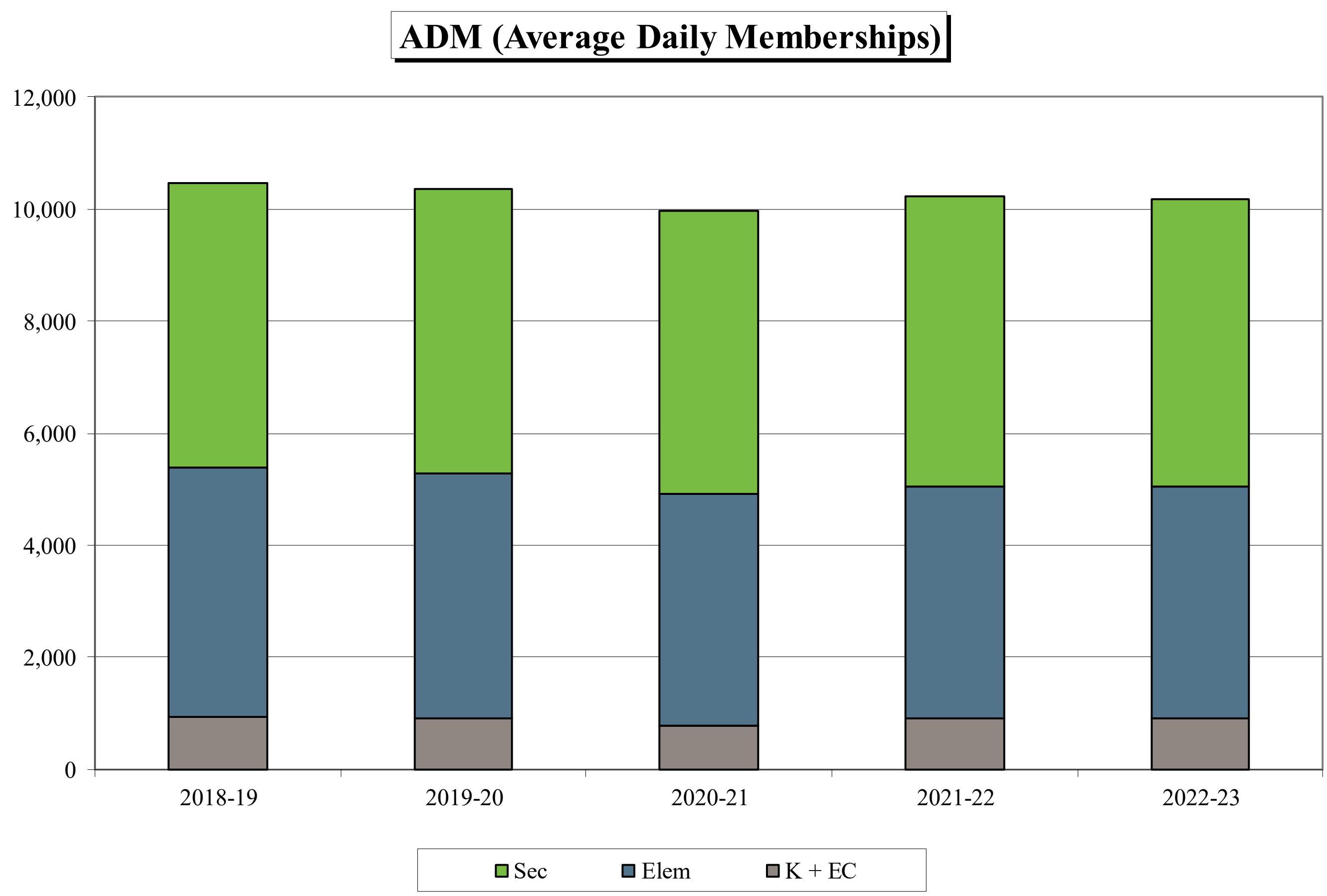
Financial Analysis of the District's Funds
At the end of the 2022-2023 fiscal year, the District's governmental funds reported a combined fund balance of $84.9 million, an increase of $24.5 million from the June 30, 2022, combined fund balance of $60.4 million. The increase is due to early acceptance of the remaining ESSER III funds ($11.5 million) that are committed for financial shortfall in 2023-24 and 2024-25. The remaining increase is from additional bonding for future years Long-Term Facility Maintenance (LTFM) projects ($13.7 million).

General Fund

The General Fund is the District's primary operating fund, providing instructional services to students from kindergarten through grade 12. In addition, the costs of pupil transportation and operating capital expenditures for equipment and facilities are included in the full reporting of the General Fund.

School funding in Minnesota is driven largely by pupil enrollment. In 2022-2023, the District saw a decrease of 55.1 average daily membership (ADM) over 2021-2022. Current ADM is 10,175.

The graph below illustrates the current trend in student enrollment over the previous five years.



General Fund Budgetary Highlights

Over the course of the year, the District amended the annual operating budget. The budget amendments account for enrollment changes, previous year carryover and amendments to federal and other grant programs.

General Fund Budgetary Highlights (Continued)

While the District's amended budget for the General Fund projected a net decrease in the fund balance of $5.2 million, the actual performance shows a net increase of $10.4 million. This improvement was due to early acceptances of ESSER III funds ($11.5 million), higher than expected special education funding ($1.6 million), and additional investment income ($1.2 million).

Actual revenues were $196.2 million or $14.9 million over the budget of $181.3 million. Actual expenditures were $185.5 million, or $0.6 million under the budget of $186.1 million.

Figure A-8
General Fund Expenditures

	Final Budget	Net Actual Amounts	Variance with Final Budget - Over (Under)
Administration	$ 6,665,208	$ 6,472,032	$ (193,176)
District Support Services	5,695,325	5,233,473	(461,852)
Elementary and Secondary Regular Instruction	81,297,653	78,605,675	(2,691,978)
Vocational Education Instruction	2,310,351	1,340,945	(969,406)
Special Education Instruction	42,009,913	41,819,992	(189,921)
Instructional Support Services	10,639,505	11,256,353	616,848
Pupil Support Services	16,440,035	18,382,976	1,942,941
Sites and Buildings	11,832,738	12,158,934	326,196
Fiscal and other fixed cost programs	413,930	560,096	146,166
Capital outlay	8,775,032	8,916,351	141,319
Debt service	-	747,659	747,659
Total	$ 186,079,690	$ 185,494,486	$ (585,204)

Food Service Fund

The Food Service Fund is used to record financial activity for the purpose of preparation and service of milk, meals and snacks in connection with school and community service activities. The Food Service Fund expenditures exceeded revenue by $564,595 in 2022-2023. The decline was due to upgrading older equipment throughout the District.

This Fund continues to meet the District's established fund balance goals.

Community Service Fund

The Community Service Fund is used to record financial activities of the Community Services Preschool to Senior Citizens Programs. The Community Service Fund balance increased $297,217 in 2022-2023.

This Fund continues to meet the District's established fund balance goals.

Debt Service Fund
The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, operating capital or for initial or refunding bonds. The Debt Service Fund balance for 2022-2023 totaled $2.0 million. This is an increase of $857,663 over the prior year.

Capital Asset and Debt Administration

Capital Assets
By the end of 2023, the District had invested $138.8 million in a broad range of capital assets, including school buildings, athletic facilities, computers, and audio-visual equipment (See Figure A-9). (More detailed information about capital assets can be found in Note 4 to the financial statements.)

Figure A-9
Capital Assets (Net of Accumulated Depreciation/Amortization)

	Year Ended 2023	Year Ended 2022
Land	$ 2,085,954	$ 2,085,954
Construction in progress	2,530,801	7,396,762
Buildings and buildings improvement	120,029,575	115,919,808
Leased building	9,405,170	10,511,660
Furniture and equipment	3,520,949	2,487,503
Leased equipment	95,164	120,114
Subscription assets	1,099,642	-
Total capital assets	$ 138,767,255	$ 138,521,801

Debt Administration

Figure A-10
Outstanding Long-Term Liabilities

	Year Ended 2023	Year Ended 2022
General Obligation (G.O.) bonds and loans	$ 160,821,027	$ 144,469,185
Lease liability	10,001,103	10,893,741
Benefits payable	2,023,017	1,806,568
Total long-term liabilities	$ 172,845,147	$ 157,169,494

At year-end, the District had $172.8 million in long-term liabilities, including G.O. bonds, leases, severance benefits, and compensated absences. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements).

Factors Bearing on the District's Future
At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Even with the historic increase in funding during the 2023 legislative session and use of the remaining ESSER funds, the District is still projecting the need for right sizing the budget over the next five years.
- The District is projecting slight decline in enrollment over the next five years.

Contacting the District's Financial Management
This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it is entrusted with.

If you have questions about this report or need additional financial information, contact the Finance Office, Independent School District No. 271, 1350 West 106th Street, Bloomington, Minnesota 55431-4126.

BASIC FINANCIAL STATEMENTS

Independent School District No. 271
Statement of Net Position
June 30, 2023

		Governmental Activities
Assets		
Cash and investments	$	145,660,797
Current property taxes receivable		34,237,328
Delinquent property taxes receivable		466,807
Accounts receivable		31,457
Lease receivable		681,814
Interest receivable		1,349,473
Due from Department of Education		12,805,712
Due from other Minnesota school districts		478,525
Due from Federal Government through Department of Education		18,459,356
Due from other governmental units		768,887
Inventory		248,803
Prepaid items		272,289
Capital assets not being depreciated		
Land		2,085,954
Construction in progress		2,530,801
Capital assets net of depreciation/amortization		
Buildings and building improvements		120,029,575
Leased building		9,405,170
Furniture and equipment		3,520,949
Leased equipment		95,164
Subscription assets		1,099,642
Total assets		354,228,503
Deferred Outflows of Resources		
Deferred amount on refunding		175,234
Deferred outflows related to OPEB		956,134
Deferred outflows related to pensions		45,300,770
Total deferred outflows of resources		46,432,138
Total assets and deferred outflows of resources	$	400,660,641
Liabilities		
Accounts and contracts payable	$	5,849,164
Salaries and benefits payable		19,235,253
Interest payable		2,238,469
Due to other Minnesota school districts		2,082,415
Due to other governmental units		92,458
Unearned revenue		585,750
Net bond principal payable		
Due within one year		9,390,000
Due in more than one year		151,431,027
Lease liability		
Payable within one year		960,599
Payable after one year		9,040,504
Compensated absences payable		
Due within one year		172,678
Due in more than one year		1,554,107
Severance payable		
Due within one year		29,623
Due in more than one year		266,609
Total OPEB Liability		8,826,263
Net pension liability		138,675,748
Total liabilities		350,430,667
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures		63,586,828
Deferred inflows related to lease receivable		681,814
Deferred inflows related to OPEB		4,406,099
Deferred inflows related to pensions		26,840,917
Total deferred inflows of resources		95,515,658
Net Position		
Net investment in capital assets		7,082,091
Restricted for		
Other purposes		26,466,667
Unrestricted		(78,834,442)
Total net position		(45,285,684)
Total liabilities, deferred inflows of resources, and net position	$	400,660,641

Independent School District No. 271
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 5,783,785	$ -	$ -	$ -	$ (5,783,785)
District support services	5,624,201	-	-	-	(5,624,201)
Elementary and secondary regular instruction	64,140,944	805,810	31,754,960	-	(31,580,174)
Vocational education instruction	1,051,948	-	63,556	-	(988,392)
Special education instruction	36,180,630	789,903	28,687,344	-	(6,703,383)
Instructional support services	11,443,385	-	-	-	(11,443,385)
Pupil support services	17,940,584	67,811	2,939,551	-	(14,933,222)
Sites and buildings	22,714,247	197,673	-	1,691,602	(20,824,972)
Fiscal and other fixed cost programs	560,096	-	-	-	(560,096)
Food service	6,015,044	1,161,208	3,952,364	-	(901,472)
Community education and services	11,642,837	5,099,947	4,838,368	-	(1,704,522)
Unallocated depreciation/amortization	10,558,950	-	-	-	(10,558,950)
Interest and fiscal charges on long-term debt	4,499,152	-	-	-	(4,499,152)
Total governmental activities	$ 198,155,803	$ 8,122,352	$ 72,236,143	$ 1,691,602	(116,105,706)

General revenues	
Taxes	
Property taxes, levied for general purposes	48,774,765
Property taxes, levied for debt service	12,299,876
Property taxes, levied for community service	2,273,795
State aid-formula grants	80,296,140
Other general revenues	927,117
Investment income	4,018,510
Total general revenues	148,590,203
Change in net position	32,484,497
Net position - beginning	(78,532,715)
Change in accounting principle (see Note 12)	762,534
Net position - beginning, as restated	(77,770,181)
Net position - ending	$ (45,285,684)

Independent School District No. 271
Balance Sheet - Governmental Funds
June 30, 2023

	General	Debt Service	Capital Projects	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	$ 58,581,030	$ 4,341,915	$ 31,010,518	$ 14,185,509	$ 108,118,972
Current property taxes receivable	27,539,646	2,655,851	-	4,041,831	34,237,328
Delinquent property taxes receivable	361,762	87,281	-	17,764	466,807
Accounts receivable	30,497	-	-	960	31,457
Lease receivable	681,814	-	-	-	681,814
Interest receivable	911,072	-	303,806	-	1,214,878
Due from Department of Education	12,211,480	169,153	-	425,079	12,805,712
Due from Federal Government through Department of Education	18,003,578	-	-	455,778	18,459,356
Due from other Minnesota school districts	282,604	-	-	195,921	478,525
Due from other governmental units	768,887	-	-	-	768,887
Inventory	140,852	-	-	107,951	248,803
Prepaid items	210,111	-	-	56,801	266,912
Total assets	$ 119,723,333	$ 7,254,200	$ 31,314,324	$ 19,487,594	$ 177,779,451
Liabilities					
Accounts payable	$ 3,091,891	$ -	$ 2,383,011	$ 86,760	$ 5,561,662
Contracts payable	14,021	-	264,581	8,900	287,502
Salaries and benefits payable	15,331,641	-	-	1,233,737	16,565,378
Due to other Minnesota school districts	2,078,195	-	-	4,220	2,082,415
Due to other governmental units	89,817	-	-	2,641	92,458
Interfund payable	2,932,856	-	-	195,412	3,128,268
Unearned revenue	417,998	-	-	167,752	585,750
Total liabilities	23,956,419	-	2,647,592	1,699,422	28,303,433
Deferred inflows of resources					
Property tax levied for subsequent year's expenditures	50,448,929	5,209,615	-	7,928,284	63,586,828
Unavailable revenue - delinquent property taxes	218,906	52,615	-	10,943	282,464
Deferred inflows related to lease receivable	681,814	-	-	-	681,814
Total deferred inflows of resources	51,349,649	5,262,230	-	7,939,227	64,551,106
Fund Balances					
Nonspendable for					
Inventory	140,852	-	-	107,951	248,803
Prepaid items	210,111	-	-	56,801	266,912
Restricted for					
Student activities	111,571	-	-	-	111,571
Scholarships	35,976	-	-	-	35,976
Capital projects levy	4,716,776	-	-	-	4,716,776
Operating capital	10,331,545	-	-	-	10,331,545
State approved alternative program	1,970,271	-	-	-	1,970,271
Long-term facilities maintenance	-	-	28,666,732	-	28,666,732
Fund purpose	-	1,991,970	-	9,684,193	11,676,163
Committed for					
Wellness	33,458	-	-	-	33,458
Uniform and instrument replacement	119,894	-	-	-	119,894
Program shortfalls	11,500,000	-	-	-	11,500,000
Athletic activities	408,727	-	-	-	408,727
Middle school athletics	150,000	-	-	-	150,000
Site department carryover funds	899,154	-	-	-	899,154
Staff development	562,093	-	-	-	562,093
Donations	223,808	-	-	-	223,808
Assigned for					
Property and casualty insurance	120,000	-	-	-	120,000
Unassigned	12,883,029	-	-	-	12,883,029
Total fund balances	44,417,265	1,991,970	28,666,732	9,848,945	84,924,912
Total liabilities, deferred inflows of resources, and fund balances	$ 119,723,333	$ 7,254,200	$ 31,314,324	$ 19,487,594	$ 177,779,451

Independent School District No. 271
Bloomington, Minnesota
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2023

Total fund balances - governmental funds	$ 84,924,912
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	327,761,828
Less accumulated depreciation/amortization	(188,994,573)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bond principal payable	(155,105,000)
Bond premiums	(5,716,027)
Deferred amount on refunding	175,234
Lease liability	(10,001,103)
Compensated absences payable	(1,726,785)
Severance payable	(296,232)
Total OPEB liability	(8,826,263)
Net pension liability	(138,675,748)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows related to pensions	45,300,770
Deferred inflows related to pensions	(26,840,917)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to OPEB that are not recognized in the governmental funds.	
Deferred inflows related to OPEB	(4,406,099)
Deferred outflows related to OPEB	956,134
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	282,464
The retiree benefit and OPEB internal service funds are used to charge the benefits to the fund that incurs the cost. This amount represents assets available to fund the liabilities.	17,073,738
The dental and self insured medical benefit plans internal service funds are used by management to charge the costs of the self-insured plans. The assets and liabilities of the Internal Service funds are included in governmental activities in the Statement of Net Position and interfund activity is removed.	21,066,452
Governmental funds do not report a liability for accrued interest on bonds and capital loans until due and payable.	(2,238,469)
Total net position - governmental activities	$ (45,285,684)

Independent School District No. 271
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

	General	Debt Service	Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	$ 48,845,674	$ 11,963,917	$ -	$ 2,630,638	$ 63,440,229
Other local and county revenues	4,591,569	170,859	901,359	5,762,667	11,426,454
Revenue from state sources	119,180,865	1,691,806	-	3,819,228	124,691,899
Revenue from federal sources	23,626,874	-	-	4,467,414	28,094,288
Sales and other conversion of assets	-	-	-	1,155,352	1,155,352
Interdistrict revenue	-	-	-	195,921	195,921
Total revenues	196,244,982	13,826,582	901,359	18,031,220	229,004,143
Expenditures					
Current					
Administration	6,472,032	-	-	-	6,472,032
District support services	5,233,473	-	-	-	5,233,473
Elementary and secondary regular instruction	78,605,675	-	-	100,000	78,705,675
Vocational education instruction	1,340,945	-	-	-	1,340,945
Special education instruction	41,819,992	-	-	-	41,819,992
Instructional support services	11,256,353	-	-	-	11,256,353
Pupil support services	18,382,976	-	-	-	18,382,976
Sites and buildings	12,158,934	-	72	-	12,159,006
Fiscal and other fixed cost programs	560,096	-	-	-	560,096
Food service	-	-	-	5,279,413	5,279,413
Community education and services	-	-	-	11,914,265	11,914,265
Capital outlay					
Administration	19,522	-	-	-	19,522
District support services	513,297	-	-	-	513,297
Elementary and secondary regular instruction	749,360	-	-	-	749,360
Special education instruction	261,911	-	-	-	261,911
Instructional support services	1,549,987	-	-	-	1,549,987
Pupil support services	915,534	-	-	-	915,534
Sites and buildings	4,906,740	-	13,230,197	-	18,136,937
Food service	-	-	-	594,619	594,619
Community education and services	-	-	-	42,709	42,709
Debt service					
Principal	565,771	8,710,000	-	459,179	9,734,950
Interest and fiscal charges	181,888	4,258,919	182,151	385,732	5,008,690
Total expenditures	185,494,486	12,968,919	13,412,420	18,775,917	230,651,742
Excess of revenues over (under) expenditures	10,750,496	857,663	(12,511,061)	(744,697)	(1,647,599)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	67,711	-	-	-	67,711
Insurance recovery	5,665	-	-	-	5,665
Bond issuance	-	-	23,480,000	-	23,480,000
Bond premium	-	-	2,607,991	-	2,607,991
Lease proceeds	22,312	-	-	-	22,312
Transfers in	-	-	-	465,357	465,357
Transfers out	(465,357)	-	-	-	(465,357)
Total other financing sources (uses)	(369,669)	-	26,087,991	465,357	26,183,679
Net change in fund balances	10,380,827	857,663	13,576,930	(279,340)	24,536,080
Fund Balances					
Beginning of year	34,036,438	1,134,307	15,089,802	10,128,285	60,388,832
End of year	$ 44,417,265	$ 1,991,970	$ 28,666,732	$ 9,848,945	$ 84,924,912

Independent School District No. 271
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds
Year Ended June 30, 2023

Net change in fund balances - total governmental funds	$ 24,536,080
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the useful lives as depreciation expense. as depreciation expense.	
Capital outlays	10,716,448
Depreciation/amortization expense	(11,219,429)
Loss on disposal	(36,411)
Compensated absences and severance are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(216,449)
Net OPEB are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	173,207
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	9,734,950
Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	25,598,304
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(325,930)
Governmental funds report the effect of bond premiums when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	835,468
Proceeds from long-term debt are recognized as an other financing source, increasing fund balance in the governmental fund statements, but have no effect on net position in the Statement of Activities.	(26,087,991)
The retiree benefit internal service funds are used to charge the benefits to the fund that incurs the cost. This amount represents assets available to fund the liabilities and obligations.	(207,352)
The dental and self-insured medical benefit plans internal service funds are used by management to charge the costs of the self insured plans. The increase in net position is reported within the governmental activities in the Statement of Activities.	(924,605)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(91,793)
Change in net position - governmental activities	$ 32,484,497

Independent School District No. 271
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
Revenues				
Local property taxes	$ 48,969,584	$ 49,415,851	$ 48,845,674	$ (570,177)
Other local and county revenues	3,213,881	3,219,773	4,591,569	1,371,796
Revenue from state sources	115,784,631	115,452,733	119,180,865	3,728,132
Revenue from federal sources	12,090,499	13,237,563	23,626,874	10,389,311
Total revenues	180,058,595	181,325,920	196,244,982	14,919,062
Expenditures				
Current				
Administration	6,586,620	6,665,208	6,472,032	(193,176)
District support services	5,679,325	5,695,325	5,233,473	(461,852)
Elementary and secondary regular instruction	81,425,444	81,297,653	78,605,675	(2,691,978)
Vocational education instruction	1,710,351	2,310,351	1,340,945	(969,406)
Special education instruction	41,979,913	42,009,913	41,819,992	(189,921)
Instructional support services	11,428,354	10,639,505	11,256,353	616,848
Pupil support services	15,640,035	16,440,035	18,382,976	1,942,941
Sites and buildings	10,962,738	11,832,738	12,158,934	326,196
Fiscal and other fixed cost programs	413,930	413,930	560,096	146,166
Capital outlay				
Administration	111,521	106,528	19,522	(87,006)
District support services	223,500	219,288	513,297	294,009
Elementary and secondary regular instruction	287,090	377,232	749,360	372,128
Special education instruction	38,500	38,500	261,911	223,411
Instructional support services	1,311,864	1,311,809	1,549,987	238,178
Pupil support services	1,188,425	1,938,425	915,534	(1,022,891)
Sites and buildings	4,750,250	4,783,250	4,906,740	123,490
Debt service				
Principal	-	-	565,771	565,771
Interest and fiscal charges	-	-	181,888	181,888
Total expenditures	183,737,860	186,079,690	185,494,486	(585,204)
Excess of revenues over (under) expenditures	(3,679,265)	(4,753,770)	10,750,496	15,504,266
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	67,711	67,711
Insurance recovery	-	-	5,665	5,665
Lease issuance	-	-	22,312	22,312
Transfers out	(375,000)	(415,000)	(465,357)	(50,357)
Total other financing sources (uses)	(375,000)	(415,000)	(369,669)	45,331
Net change in fund balance	$ (4,054,265)	$ (5,168,770)	10,380,827	$ 15,549,597
Fund Balance				
Beginning of year			34,036,438	
End of year			$ 44,417,265	

Independent School District No. 271
Statement of Net Position - Proprietary Funds
As of June 30, 2023

	Governmental Activities - Internal Service Funds
Assets	
Cash and cash equivalents	$ 25,003,659
Investments	12,538,166
Interfund receivable	3,128,268
Interest receivable	134,595
Prepaid items	5,377
Total assets	$ 40,810,065
Liabilities and Net Position	
Liabilities	
Incurred but not reported claims	$ 2,669,875
Benefits payable	1,714,110
Unearned revenue	5,476,909
Total liabilities	9,860,894
Net Position	
Unrestricted	30,949,171
Total liabilities and net position	$ 40,810,065

Independent School District No. 271
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds
Operating Revenue	
Charges for services	$ 25,905,111
District contribution	160,394
Total revenue	26,065,505
Operating Expenses	
Salaries and benefits	63,000
Employee benefits	26,447,397
Administrative	2,415,007
Total operating expenses	28,925,404
Operating income	(2,859,899)
Nonoperating Revenue	
Investment income	1,077,152
Change in net position	(1,782,747)
Net Position	
Beginning of year	32,731,918
End of year	$ 30,949,171

See notes to basic financial statements.

Independent School District No. 271
Statement of Cash Flows - Proprietary Funds
As of June 30, 2023

	Governmental Activities - Internal Service Funds
Cash Flows - Operating Activities	
Receipts from employee contributions	$ 26,242,746
Receipts from district contributions	335,264
Employee claims paid	(25,936,605)
Payments to employees	(276,039)
Payments to suppliers	(2,526,907)
Net cash flows - operating activities	(2,161,541)
Cash Flows - Investment Activities	
Investment purchases	546,253
Interest received	996,517
Net cash flows - investment activities	1,542,770
Net change in cash and cash equivalents	(618,771)
Cash and Cash Equivalents	
Beginning of year, restated	25,622,430
End of year	$ 25,003,659
Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating income	$ (2,859,899)
Adjustments to reconcile operating income	
To net cash flows - operating activities	
Accounts payable	(104,250)
Due to other governments	(7,650)
Benefits payable	174,870
Incurred but not reported dental claims	297,753
Accounts receivable	181,228
Interfund receivable	(314,136)
Unearned revenue	475,920
Prepaid items	(5,377)
Net adjustments	698,358
Net cash flows - operating activities	$ (2,161,541)

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Independent School District No. 271
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. 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 following is a summary of the more significant policies.

A. Reporting Entity

The basic financial statements present the District and its component units. The District includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the District are financially accountable and are included within the basic financial statements of the District because of the significance of their operational or financial relationships with the District.

The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District.

As a result of applying the component unit definition criteria above, it has been determined the District has no component units.

The student activity accounts of the District are under board control and are reported in the General Fund.

B. Basic Financial Statement Information

The government-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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Depreciation and amortization expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation and amortization expense relating to assets that serve multiple functions is presented as unallocated deprecation in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded as follows:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. The exceptions to this general rule are that interest and principal expenditures in the Debt Service Fund, compensated absences, and claims and judgments are recognized when payment is due.

In the fund financial statements and governmental funds report, fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor the constraints on the specific purpose for which amounts in these funds can be spent. If resources from more than one fund balance classification could be spent, the school will follow the approved district plan for each of the areas. If there is no plan, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

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 Internal Service Fund is employee and District contributions. Operating expenses for proprietary funds include claims paid and administrative expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures (Continued)

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Description of Funds:

Major Funds:

General Fund – This fund is the basic operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

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

Capital Projects – Building Construction Fund – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities funded with bond issues or special levies.

Nonmajor Funds:

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

Community Service Special Revenue Fund – This fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood and family education, or other similar services.

OPEB Debt Service – This fund is used to account for the accumulation of resources for, and payment of, the 2009A OPEB Bonds and 2017B Taxable OPEB Refunding Bonds.

Proprietary Fund:

Internal Service Funds – These funds are used to account for self insured employee dental and medical costs and related stop loss insurance and retiree benefits and OPEB obligations.

D. Deposits and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described on the following page.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

All governmental, fiduciary, and proprietary funds of the District, except for the OPEB Fund, participate in a government-wide investment pool. Cash balances from these funds are combined and invested to the extent available in authorized investments. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. The investment pool of the District functions essentially as a demand account for all participating funds. All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and the State Investment Pool. Investments are stated at fair value.

The District's cash and cash equivalents in its OPEB Internal Service Fund are considered to be cash on hand, deposits, and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition. For all other proprietary funds, the District maintains an internal investment pool; each fund's position in this pool is considered a cash equivalent.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF or MNTrust. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

Interest is allocated among the funds based on the monthly cash balance.

E. Property Tax Receivable

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represents uncollected taxes for the past six years and are deferred and included in the deferred inflows of resources section of the fund financial statements as unavailable revenue because they are not available to finance the operations of the District in the current year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following fiscal year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2022, less various components, and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in 2023. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

Inventories of commodities donated directly by the U.S. Department of Agriculture are recorded at market value. Other inventories are stated at cost as determined on a first-in, first-out (FIFO) basis. Inventories are recorded as expenditures when consumed rather than when purchased.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenditures at the time of consumption.

I. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. County is the collecting agency for the levy and remit the collections to the District three times a year. The Tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the basic financial statements.

J. Capital Assets

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements.

Capital assets are defined by the District as assets with an initial individual cost of more than $4,000 and an estimated useful life in excess of one year. Such 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 20 to 50 years for buildings and building improvements and 3 to 20 years for furniture and equipment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Capital assets not being depreciated include land and construction in progress. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

K. Lease Receivable

The District is a lessor for numerous noncancellable leases. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the District determines (1) the discount rate, (2) lease term, and (3) lease receipts.

The District determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

L. Right-to-Use Lease Assets/Lease Liabilities

The District recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, Leases. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Subscription-Based Information Technology Arrangements

The District recorded subscription assets as a result of implementing GASB Statement No. 96, Subscription-based information technology arrangements. The subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any payments made prior to the subscription term, less subscription incentives, and plus ancillary charges necessary to place the subscription into service. The subscription assets are amortized on a straight-line basis over the life of the related subscription.

Key estimates and judgments related to leases include (1) the discount rate, (2) subscription term, (3) subscription payments, and (4) amortization.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the subscription liability are composed of fixed payments and purchase options the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a re-measurement of the subscriptions and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets 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 three items that qualify for reporting in this category. A deferred charge on refunding, deferred outflows of resources related to pensions, and deferred outflows of resources related to OPEB are reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years. Deferred outflows of resources related to OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items which qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. Deferred inflows of resources related to pensions is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years. Deferred inflows of resources related to OPEB is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

O. Long-Term Obligations

In the government-wide financial statements long-term debt and other long term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. 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.

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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Compensated Absences

The District compensates most full-time classified employees upon termination of employment for unused vacation up to a set maximum. At June 30, 2023, the District recorded a liability of $1,726,785 for unused vacation in the Internal Service Fund. District employees are entitled to sick leave at various rates for each month of full-time service. Certain employees are compensated for unused sick leave upon termination of employment; unused sick leave also enters into the calculation of some employee's severance pay.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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.

R. Fund Equity

1. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact and include inventory and prepaid items.

- Restricted Fund Balances – These are amounts that are restricted to specific purposes either by constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through enabling legislation.

- Committed Fund Balances – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the School Board (highest level of decision making authority) through resolution.

- Assigned Fund Balances – The School Board delegates to the Superintendent, the authority to assign fund balances for specific purposes.

- Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose in the General Fund.

If resources from more than one fund balance classification could be spent, the school will follow the approved district plan for each of the areas. If there is no plan, the District will strive to spend resources from fund balance classifications in the following order: restricted, committed, assigned, and unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (Continued)

2. Minimum Fund Balance Policy

The District will strive to maintain a General Fund unassigned minimum fund balance of 4.5% of General Fund operating expenditures. When the District is projected to drop below its minimum fund balance, District administration shall initiate measures to either generate additional revenue or to reduce expenditures through a budget reduction plan, or a combination of both.

S. Net Position

Net Position represents the difference between assets and deferred outflows of resource; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets 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 statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

T. Use of Estimates

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

U. Budgetary Information

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to July 1, the Executive Director of Finance and Support Services submits to the School Board, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Executive Director of Finance and Support Services is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects, and Debt Service Funds.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable *Minnesota Statutes*, the District maintains deposits at depository banks authorized by the School Board.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Deposits: The District has a policy in place to address custodial credit risk for deposits, stating all deposits will be invested at financial institutions that are members of the Federal Deposit Insurance Corporation (FDIC) system and be willing and capable of posting collateral, private insurance, or letters of credit for funds in excess of FDIC insurable limits and in amounts required by the District. The District had certificates of deposit totaling $27,375,518 at June 30, 2023 that were covered by FDIC insurance or collateral pledged.

B. Investments

As of June 30, 2023, the District had the following investments:

Investment	Weighted Average Maturities (in Years)	Fair Value	Moody's/ S&P Rating
Pooled Investments			
MSDLAF+ Liquid Class	N/A	$ 688,640	AAAm
MSDLAF+ Max Class	N/A	994,459	AAAm
Minnesota Trust Investment Shares	N/A	36,330,124	AAAm
U.S. Treasury Notes	0.79	17,183,661	AAAm
Term Series	0.34	26,393,923	AAAm
Limited Term Series	N/A	5,411,000	AAAm
Total pooled investments		87,001,807	
OPEB Investments			
Minnesota Trust Investment Shares	N/A	1,379,482	AAAm
U.S. Treasury Notes	0.55	2,531,905	AAAm
Local Government Obligations	1.21	7,451,970	AAA, AA
Total OPEB investments		11,363,357	
Capital Project Investments			
Minnesota Trust Investment Shares	N/A	15,647,707	AAAm
U.S. Treasury Notes	1.38	705,264	AAAm
Local Government Obligations	1.14	3,565,644	AA, Aaa
Total capital projects investments		19,918,615	
Total investments		$ 118,283,779	

Interest Rate Risk: The District's investment policy states investments will be managed in a manner to attain market rate of return through various economic and budgetary cycles while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk: The District's policy states it may invest in any type of security allowed by *Minnesota Statutes* with limits. In addition, commercial paper must be rated at the highest classifications by two of the four nationally recognized rating services.

Concentration of Credit Risk: The District's investment policy states investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector, limiting investments in securities that have higher credit risks, investing in securities with varying maturities and continuously investing a portion of the portfolio in readily available funds to ensure appropriate liquidity is maintained in order to meet ongoing obligations. The policy does not state the maximum percentage of the District's investment portfolio that may be invested in a single type of investment instrument.

Custodial Credit Risk – Investments: The District's investment policy states all investment securities shall be held in third party safekeeping by an institution designated as custodial agent. For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District has the following recurring fair value measurements as of June 30, 2023:

- Investments of $37,832,137 are significant other observable inputs (Level 2 inputs)

C. Deposits and Investments

Summary of cash, deposits, and investments as of June 30, 2023:

Deposits	$ 27,375,518
Investments (Note 3.B.)	118,283,779
Petty cash	1,500
Total deposits and investments	$145,660,797

Cash, deposits, and investments are presented in the June 30, 2023, basic financial statements as follows:

Statement of Net Position	
Cash and investments	$145,660,797

NOTE 3 – INTERFUND TRANSACTIONS

A. Interfund Transfers

Transfers of $465,357 were made from the General Fund to the other nonmajor funds to subsidize certain costs for the Community Service Fund ($398,340) along with Food Service balances ($67,017).

NOTE 3 – INTERFUND TRANSACTIONS (CONTINUED)

B. Interfund Receivable/Payable

	Interfund Payable		
	General	Other Nonmajor	Total
Interfund receivable			
Internal service fund	$ 2,932,856	$ 195,412	$ 3,128,268

An interfund receivable/payable was established to present July and August dental and health insurance premiums withheld and owed to the Internal Service Funds.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, follows:

	Beginning Balance	Change in Accounting Principle	Increases	Decreases	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land and land improvements	$ 2,085,954	$ -	$ -	$ -	$ 2,085,954
Construction in progress	7,396,762	-	8,140,951	13,006,912	2,530,801
Total capital assets not being depreciated	9,482,716	-	8,140,951	13,006,912	4,616,755
Capital assets being depreciated and amortized					
Buildings and building improvements	280,678,567	-	13,006,912	-	293,685,479
Leased building	11,618,151	-	-	-	11,618,151
Furniture and equipment	15,480,175	-	1,864,703	1,142,175	16,202,703
Leased equipment	158,989	-	22,312	15,889	165,412
Subscription assets	-	762,534	710,794	-	1,473,328
Total capital assets being depreciated	307,935,882	762,534	15,604,721	1,158,064	323,145,073
Less accumulated depreciation and amortization for					
Buildings and building improvements	164,758,759	-	8,897,145	-	173,655,904
Leased building	1,106,491	-	1,106,490	-	2,212,981
Furniture and equipment	12,992,672	-	794,846	1,105,764	12,681,754
Leased equipment	38,875	-	47,262	15,889	70,248
Subscription assets	-	-	373,686	-	373,686
Total accumulated depreciation/amortization	178,896,797	-	11,219,429	1,121,653	188,994,573
Total capital assets being depreciated and amortized, net	129,039,085	762,534	4,385,292	36,411	134,150,500
Governmental activities, capital assets, net	$ 138,521,801	$ 762,534	$ 12,526,243	$ 13,043,323	$ 138,767,255

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense for the year ended June 30, 2023, was charged to the following functions:

Administration	$ 1,282
District support services	1,911
Elementary and secondary regular instruction	27,133
Special education instruction	20,269
Community service	13,958
Instructional support	88,346
Pupil support	498,299
Food service	9,281
Unallocated	10,558,950
Total depreciation/amortization expense	$ 11,219,429

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. bonds including						
Refunding bonds						
2013A Alternative Faclities Bonds	06/04/13	3.00%-5.00%	$ 16,275,000	02/01/34	$ 16,175,000	$ -
2014B Alternative Facilities Bonds	12/30/14	3.125% - 3.50%	25,965,000	02/01/38	25,965,000	-
2015A School Refunding Bonds	12/30/15	2.00-5.00%	29,390,000	02/01/24	3,135,000	3,135,000
2017A Facility Maintenance Bonds	03/23/17	3.375-4.00%	24,915,000	02/01/41	24,915,000	-
2017B Taxable Refunding OPEB Bonds	03/23/17	0.85-2.70%	11,470,000	02/01/25	10,295,000	5,905,000
2019A Facility Maintenance Bonds	03/14/19	3.00-5.00%	23,935,000	02/01/42	23,935,000	-
2020A Facility Maintenance Bonds	09/03/20	1.00-2.00%	23,935,000	02/01/33	27,205,000	350,000
2022A Facility Maintenance Bonds	12/29/22	4.00-5.00%	23,480,000	02/01/34	23,480,000	-
Total G.O. bonds					155,105,000	9,390,000
Unamortized bond premiums					5,716,027	
Other long-term liabilities						
Lease liability					10,001,103	960,599
Compensated absences payable					1,726,785	172,678
Severance payable					296,232	29,623
Total long-term liabilities					$ 172,845,147	$ 10,552,900

NOTE 5 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

The long-term bond liabilities listed above were issued to finance the acquisition, construction, and refurbishing of School facilities, purchase capital assets, refinance (refund) previous bond issues or to finance the District's OPEB obligation.

The District entered into lease agreements for buildings and equipment. The lease agreements include annual principal and interest payments that are shown below. The interest and discount rate for leases range from 3.0% to 7.74%.

Bonds will be retired with assets from the Debt Service Funds while the compensated absences and severance liabilities will be liquidated by the General and Internal Service Funds. Lease liabilities will be retired with assets from the General Fund and Community Service Fund.

B. Minimum Debt Payments for Bonds and Leases

Year Ending	G.O. Bonds			Lease Liability		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2024	$ 9,390,000	$ 5,275,201	$ 14,665,201	$ 960,599	$ 291,221	$ 1,251,820
2025	9,365,000	4,863,749	14,228,749	1,011,916	260,027	1,271,943
2026	7,740,000	4,602,669	12,342,669	1,063,384	227,661	1,291,045
2027	7,275,000	4,335,669	11,610,669	1,121,447	194,114	1,315,561
2028	8,010,000	4,083,069	12,093,069	1,177,198	159,335	1,336,533
2029-2033	48,780,000	16,210,481	64,990,481	4,666,559	258,574	4,925,133
2034-2038	40,405,000	8,361,915	48,766,915	-	-	-
2039-2042	24,140,000	1,804,313	25,944,313	-	-	-
Total	$ 155,105,000	$ 49,537,066	$ 204,642,066	$ 10,001,103	$ 1,390,932	$ 11,392,035

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	$ 140,445,000	$ 23,480,000	$ 8,820,000	$ 155,105,000
Unamortized bond premiums	4,024,185	2,607,991	916,149	5,716,027
Lease liability	10,893,741	22,312	914,950	10,001,103
Compensated absence payable	1,511,070	1,323,349	1,107,634	1,726,785
Severance benefits payable	295,498	734	-	296,232
Total long-term liabilities	$ 157,169,494	$ 27,434,386	$ 11,758,733	$ 172,845,147

NOTE 6 – FUND BALANCES

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

Fund Equity
Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

A. Restricted/Reserved Fund Equity
Restricted/Reserved for Student Activities – This balance represents available resources to be used for the extracurricular activity funds raised by the students.

Restricted/Reserved for Scholarships – This balance represents available resources for the scholarship funds.

Restricted/Reserved for Capital Projects Levy – This balance represents available resources from the capital projects levy to be used for building construction. All interest income attributable to the capital projects levy must be credited to this account.

Restricted/Reserved for Operating Capital – This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted/Reserved for State Approved Alternative Programs – Per *Minnesota Statutes* § 123.05, subd. 2, each district that is a member of a state approved alternative learning program must restrict/reserve revenue in an amount equal to the sum of (1) at least 90 and no more than 100 percent of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to section 126.10 subd. 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved public alternative program, plus (2) the amount of basic skills revenue generated by pupils attending the alternative learning program.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* § 123B.595, subd. 12).

Restricted for Debt Service – This balance represents the resources available for the payment of general obligation bond principal, interest, and related costs.

Restricted for Food Service – This balance represents the accumulation of the activity to provide the food service program.

Restricted/Reserved for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, early childhood and family education, and extended day programs.

NOTE 6 – FUND BALANCES (CONTINUED)

A. Restricted/Reserved Fund Equity (Continued)
Restricted/Reserved for Adult Basic Education – This account will represent the balance of carryover monies for all activity involving adult basic education.

Restricted/Reserved for Early Childhood and Family Education – This balance represents the resources available to provide for services for early childhood and family education programming.

Restricted/Reserved for School Readiness – This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statues* § 124D.16).

B. Committed Fund Equity
Committed for Wellness – This balance represents resources committed for employee wellness programs.

Committed for Uniform and Instrument Replacement – This balance represents resources committed to purchase high school uniforms and future instrument replacement.

Committed for Program Shortfalls – This balance represents unspent grant revenue set aside from general revenue for program shortfalls.

Committed for Athletic Activities – This balance represents unspent athletic and activities dollars to differentiate between athletics and activities and K-12 operating funding.

Committed for Middle School Athletics – This balance represents unspent athletic and activities dollars to differentiate between middle school athletics and activities and K-12 operating funding.

Committed for Site Department Carryover Funds – This balance represents resources committed for budget carryovers from the prior year.

Committed for Staff Development – This balance represents unspent staff development revenues set aside from general education revenue.

Committed for Donations – This balance represents unspent donations set aside from general revenue.

C. Government-Wide Restrictions
Net position restricted for "Other Purposes" are comprised of the total General Fund restricted fund balances, the Food Service Fund and Community Service Fund balances.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2023, was ($14,602,747). The components of pension expense are noted in the following plan summaries.

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

The General Fund typically liquidates the Liability related to the pensions.

Teachers' Retirement Association

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

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

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 1 Benefits

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

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier 1 Benefits (Continued)
With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3% per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

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

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

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

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

C. Contribution Rate

Per *Minnesota Statutes* Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2021, June 30, 2022, and June 30, 2023, were:

	June 30, 2021		June 30, 2022		June 30, 2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.0%	12.13%	11.0%	12.34%	11.0%	12.55%
Coordinated	7.5%	8.13%	7.5%	8.34%	7.5%	8.55%

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

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

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

Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	$ 482,679
Employer contributions not related to future contribution efforts	(2,178)
TRA's contributions not included in allocation	(572)
Total employer contributions	479,929
Total non-employer contributions	35,590
Total contributions reported in *Schedule of Employer and Non-Employer Allocations*	$ 515,519

Amounts reported in the allocation schedules may not precisely agree with basic 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.

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2022, 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, 2022
Measurement date	June 30, 2022
Experience study	June 28, 2019 (demographic and economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028.
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028.
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions	
Pre-retirement	RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Private markets	25.0	5.90
Fixed income	25.0	0.75
Total	100.0 %	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is five years as required by GASB 68.

Changes in actuarial assumptions since the 2021 valuation:

- None

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate 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 year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability

On June 30, 2023, the District reported a liability of $106,251,133 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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. District proportionate share was 1.3269% at the end of the measurement period and 1.2983% for the beginning of the year.

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

District's proportionate share of net pension liability	$ 106,251,133
State's proportionate share of the net pension liability associated with the district	7,879,574

For the year ended June 30, 2023, the District recognized pension expense of ($19,180,559). Included in this amount, the District recognized $1,083,465 as pension expense for the support provided by direct aid.

On June 30, 2023, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,566,070	$ 921,013
Net collctive difference between projected and actual earnings on plan investments	3,868,829	-
Changes of assumptions	16,655,696	22,195,124
Changes in proportion	3,607,302	2,068,678
Contributions to TRA subsequent to the measurement date	7,353,326	-
Total	$ 33,051,223	$ 25,184,815

The $7,353,326 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, 2024.

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2024	$ (17,259,299)
2025	3,011,071
2026	988,575
2027	13,489,217
2028	283,518
Total	$ 513,082

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.0%) and 1 percent higher (8.0%) than the current rate.

District proportionate share of NPL		
1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
$ 167,499,125	$ 106,251,133	$ 56,046,876

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

H. Pension Plan Fiduciary Net Position

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

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

The General Employees Retirement Plan covers certain full time and part time employees of the District. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. 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

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 annuity accrual rate for a Coordinated Plan member is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. 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.

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

Public Employees' Retirement Association (Continued)

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were $2,416,727. The District's contributions were equal to the required contributions as set by state statute.

B. Pension Costs

General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of $32,424,615 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 $950,587.

The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.4094% at the end of the measurement period and 0.3776% for the beginning of the period.

District's proportionate share of net pension liability	$ 32,424,615
State's proportionate share of the net pension liability associated with the District	950,587
Total	$ 33,375,202

For the year ended June 30, 2023, the District recognized pension expense of $4,577,812 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized $142,039 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At June 30, 2023, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources as listed below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 270,834	$ 322,488
Changes in actuarial assumptions	6,785,499	134,522
Net collective difference between projected and actual investments earnings	1,547,891	-
Change in proportion	1,228,596	1,199,092
Contributions paid to PERA subsequent to the measurement date	2,416,727	-
Total	$ 12,249,547	$ 1,656,102

The $2,416,727 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2024	$ 2,848,635
2025	2,768,804
2026	(373,037)
2027	2,932,316
Total	$ 8,176,718

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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	Final Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for 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.

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2022:

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

G. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position 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.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the PERA net pension liability	$ 51,216,378	$ 32,424,615	$ 17,012,470

I. Pension Plan Fiduciary Net Position

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

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by Corporate Health. It is the District's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees. No assets are acclimated in a trust.

B. Benefits Provided

The District provides benefits to certain employees and retirees based on different bargaining groups. The General Fund, Food Service Fund, and Community Service Fund typically liquidate the Liability related to OPEB.

C. Contributions

Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with Corporate Health. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2023, the District contributed $581,023 to the plan.

D. Members

As of June 30, 2022, the following were covered by the benefit terms:

Active employees electing coverage	1,363
Active employees waiving coverage	369
Retirees electing coverage	25
Total	1,757

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Discount Rate	3.69%
Expected Return	n/a
Inflation	2.50%
Healthcare cost trend increases	6.8% initially, decreasing over several decades to an ultimate rate of 3.9%.
Mortality Assumption	RP-2014 mortality tables with projected mortality improvements based on Scale MP-2015 and other adjustments (Teachers). RP-2010 mortality tables with projected mortality improvements based on Scale MP-2021 and other adjustments (Non-Teachers).

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

Actuary's assumption changes

- The discount rate was changed from 1.92% to 3.69% based on the index rate for 20-year, tax-exempt municipal bonds.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the July 1, 2020, PERA General Employees Plan to the rates used in the July 1, 2022, valuation.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

F. Total OPEB Liability

The District's total OPEB liability of $8,826,263 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at June 30, 2022	$ 10,366,595
Changes for the year	
Service cost	834,281
Interest	209,479
Differences between expected and actual economic experience	(1,160,783)
Changes in assumptions	(842,286)
Benefit payments	(581,023)
Net changes	(1,540,332)
Balances at June 30, 2023	$ 8,826,263

G. OPEB Liability Sensitivity

The following presents the District's total OPEB liability calculated using the discount rate of 3.69% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (2.69%)	Current Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
Total OPEB liability (asset)	$ 9,359,617	$ 8,826,263	$ 8,303,721

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

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

	1% Decrease (5.8% Decreasing to 2.9%)	Current (6.8% Decreasing to 3.9%)	1% Increase (7.8% Decreasing to 4.9%)
Total OPEB liability (asset)	$ 8,158,167	$ 8,826,263	$ 9,608,719

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

For the year ended June 30, 2023, the District recognized OPEB expense of $347,774. At June 30, 2023, 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
Net collective difference between projected and actual earnings on OPEB plan investments	$ -	$ -
Differences between expected and actual liability	-	1,767,712
Changes of assumptions	414,262	2,638,387
Contributions made subsequent to measurement date	541,872	-
Total	$ 956,134	$ 4,406,099

The $541,872 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Year Ending December 31,	Total
2024	$ (695,986)
2025	(695,986)
2026	(695,989)
2027	(586,686)
2028	(547,872)
Thereafter	(769,318)
Total	$ (3,991,837)

NOTE 9 – CONTINGENCIES

Program Compliance

Federal and state program activities are subject to financial and compliance regulation. To the extent any expenditures are disallowed, or other compliance features are not met, a liability to the respective grantor agencies could result.

NOTE 10 – 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 purchases commercial insurance to address these risks. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the past year.

On July 1, 1993, the District began to self-insure for dental insurance. Under this program, the fund provides up to a maximum of $1,200 for each dental care claim. The General, Food Service, Community Service, and Agency Funds of the District participate in the program and make payments to the Dental Insurance Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated.

NOTE 10 – RISK MANAGEMENT (CONTINUED)

Payments are made based on actuarial estimates of the amounts needed to pay claims. The Dental Insurance Internal Service Fund includes a reserve of $963,132 for catastrophe losses. The total claims liability reported in the Fund at June 30, 2023, is $27,527 and include amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred, and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amounts for the past three years were as follows:

	Balance Beginning of Year	Claims, Expense, and Estimates	Claims Payments	Balance End of Year
2020-2021	$ 27,195	$ 1,296,660	$ (1,275,862)	$ 47,993
2021-2022	47,993	1,286,038	(1,311,909)	22,122
2022-2023	22,122	1,371,635	(1,366,230)	27,527

During 2010, the District began to self-insure for health benefits. A stop-loss policy was purchased that limits the District's loss to $200,000 at which point the reinsurance coverage is available. The District also has aggregate stop-loss coverage in place which limits the District's liability to 125% of the prior year's claims. Settled claims have not exceeded this commercial coverage in any of the past three years.

The General, Food Service, Community Service, and Agency Funds of the District participate in the program and make payments to the Self Insured Medical Benefits Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Participants in the program make premium payments to the fund based on the insurance premium. The Self Insured Medical Benefits Internal Service Fund does not include a reserve for catastrophe losses. The total claims liability reported in the Fund at June 30, 2023, is $2,642,348 and include amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred, and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amounts for the past three years were as follows:

	Balance, Beginning of Year	Claims, Expense and Estimates	Claims Payments	Balance, End of Year
2020-2021	$ 1,760,000	$ 22,607,203	$ (22,607,203)	$ 1,760,000
2021-2022	1,760,000	23,520,715	(22,930,715)	2,350,000
2022-2023	2,350,000	24,123,854	(23,831,506)	2,642,348

NOTE 11 – COMMITMENTS

At June 30, 2023, the District had various construction contract commitments for projects outstanding totaling $9,335,021.

NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This resulted in the District recognizing right-to-use subscription assets on the Statement of Activities in the amount of $762,534.

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 271
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability				
Service cost	$ 1,004,898	$ 968,403	$ 807,734	$ 919,388
Interest	341,865	428,159	424,983	400,494
Differences between expected and actual experience	-	(437,742)	-	(823,816)
Changes of assumptions	(429,969)	(586,402)	337,784	(2,320,033)
Benefit payments	(902,286)	(590,516)	(611,558)	(641,854)
Net change in total OPEB liability	14,508	(218,098)	958,943	(2,465,821)
Beginning of year	11,441,509	11,456,017	11,237,919	12,196,862
End of year	$ 11,456,017	$ 11,237,919	$ 12,196,862	$ 9,731,041
Covered payroll	$ 87,324,967	$ 95,356,875	$ 96,344,843	$ 96,512,871
Total OPEB liability as a percentage of covered-employee payroll	13.1%	11.8%	12.7%	10.1%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

June 30, 2022	June 30, 2023
$ 749,348	$ 834,281
248,979	209,479
(33,909)	(1,160,783)
307,130	(842,286)
(635,994)	(581,023)
635,554	(1,540,332)
9,731,041	10,366,595
$ 10,366,595	$ 8,826,263
$ 100,979,066	$ 114,892,187
10.3%	7.7%

Independent School District No. 271
Schedule of District's and Non-Employer Proportionate Share (if Applicable) of Net Pension Liability
Last Ten Years General Employees Retirement Fund

For Fiscal Year Ended June 30,	District's Proportion 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	District's 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 Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.4741%	$ 22,270,843	$ -	$ 22,270,843	$ 24,890,469	89.5%	78.7%
2016	0.4521%	23,430,168	-	23,430,168	26,129,960	89.7%	78.2%
2017	0.4216%	34,231,829	447,074	34,678,903	26,160,187	132.6%	68.9%
2018	0.4075%	26,014,531	327,077	26,341,608	26,249,387	100.4%	75.9%
2019	0.3912%	21,702,172	711,813	22,413,985	26,290,387	85.3%	79.5%
2020	0.4024%	22,247,795	691,470	22,939,265	28,479,147	80.5%	80.2%
2021	0.4176%	25,037,028	772,094	25,809,122	29,783,587	86.7%	79.1%
2022	0.3776%	16,125,212	492,391	16,617,603	27,612,107	60.2%	87.0%
2023	0.4094%	32,424,615	950,587	33,375,202	30,667,627	108.8%	76.7%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of District's and Non-Employer Proportionate Share (if Applicable) of Net Pension Liability
Last Ten Years TRA Retirement Fund

For Fiscal Year Ended June 30,	District's Proportion 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	District's 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 Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.3465%	$ 62,045,751	$ 4,364,762	$ 66,410,513	$ 61,461,929	100.9%	81.5%
2016	1.3409%	82,947,927	10,174,529	93,122,456	68,056,160	121.9%	76.8%
2017	1.2585%	300,182,278	30,130,021	330,312,299	65,462,973	458.6%	44.9%
2018	1.2555%	250,620,575	24,227,300	274,847,875	67,587,093	370.8%	51.6%
2019	1.3098%	82,268,864	7,729,497	89,998,361	72,366,120	113.7%	78.1%
2020	1.3294%	84,736,235	7,498,653	92,234,888	75,471,855	112.3%	78.2%
2021	1.3403%	99,023,160	8,298,307	107,321,467	77,886,376	127.1%	75.5%
2022	1.2983%	56,817,490	4,791,928	61,609,418	78,156,384	72.7%	86.6%
2023	1.2983%	106,251,133	7,879,574	114,130,707	82,020,767	129.5%	76.2%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Independent School District No. 271
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 1,804,559	$ 1,804,559	$ -	$ 24,890,469	7.25%
2015	1,959,747	1,959,747	-	26,129,960	7.50%
2016	1,962,014	1,962,014	-	26,160,187	7.50%
2017	1,968,704	1,968,704	-	26,249,387	7.50%
2018	1,971,779	1,971,779	-	26,290,387	7.50%
2019	2,135,936	2,135,936	-	28,479,147	7.50%
2020	2,233,769	2,233,769	-	29,783,587	7.50%
2021	2,070,908	2,070,908	-	27,612,107	7.50%
2022	2,300,072	2,300,072	-	30,667,627	7.50%
2023	2,416,727	2,416,727	-	32,223,027	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of District Contributions
TRA Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 4,302,335	$ 4,302,335	$ -	$ 61,461,929	7.00%
2015	5,104,212	5,104,212	-	68,056,160	7.50%
2016	4,909,723	4,909,723	-	65,462,973	7.50%
2017	5,069,032	5,069,032	-	67,587,093	7.50%
2018	5,427,459	5,427,459	-	72,366,120	7.50%
2019	5,818,880	5,818,880	-	75,471,855	7.71%
2020	6,168,601	6,168,601	-	77,886,376	7.92%
2021	6,354,114	6,354,114	-	78,156,384	8.13%
2022	6,840,532	6,840,532	-	82,020,767	8.34%
2023	7,353,326	7,353,326	-	86,003,813	8.55%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Independent School District No. 271
Notes to the Required Supplementary Information

TRA Retirement Fund

2022 Changes
Changes in Actuarial Assumptions
- None

2021 Changes
Changes in Actuarial Assumptions
- The investment return assumption was changed from 7.5% to 7.0%.

2020 Changes
Changes in Actuarial Assumptions
- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019 Changes
Changes in Actuarial Assumptions
- None

2018 Changes
Changes in Actuarial Assumptions
- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (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% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% 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 July 1, 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 0% 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 was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six 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.

Independent School District No. 271
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2017 Changes
Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes
Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes
Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

TRA Retirement Fund (Continued)

2015 Changes (Continued)

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

Independent School District No. 271
Notes to the Required Supplementary Information

General Employees Fund

2022 Changes
Changes in Actuarial Assumptions
- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions
- There were no changes in plan provisions since the previous valuation.

2021 Changes
Changes in Actuarial Assumptions
- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2020 Changes
Changes in Actuarial Assumptions
- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- 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 changes 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 and Survivor option changed from 35% to 45%. The assumed number of married female new retires electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

Independent School District No. 271
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changes prospectively, requiring $16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The State's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

General Employees Fund (Continued)

2016 Changes
Changes in Actuarial Assumptions
- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions
- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions
- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6.0 million, which meets the special funding situation definition, was due September 2015.

Independent School District No. 271
Notes to the Required Supplementary Information

Post Employment Health Care Plan
No assets are acclimated in a trust.

2023 Changes
- The discount rate was changed from 1.92% to 3.69% based on the index rate for 20-year, tax-exempt municipal bonds.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the July 1, 2020, PERA General Employees Plan to the rates used in the July 1, 2022, valuation.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2022 Changes
- The discount rate was changed from 2.45% to 1.92% based on updated 20-year municipal bond rates.

2021 Changes
- The discount rate was changed from 3.13% to 2.45% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, 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 percent of future retirees eligible for a flat-dollar medical explicit subsidy assumed to elect coverage at retirement changed from 50% to 40% to reflect recent plan experience.
- The percent of future retirees not eligible for a medical explicit subsidy assumed to elect coverage at retirement changed from 10% to 5% to reflect recent plan experience.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 40% to 30% to reflect recent plan experience.
- 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.

2020 Changes
- The discount rate was changed from 3.13% to 2.45% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Post Employment Health Care Plan (Continued)

2020 Changes (Continued)

- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, 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 percent of future retirees eligible for a flat-dollar medical explicit subsidy assumed to elect coverage at retirement changed from 50% to 40% to reflect recent plan experience.
- The percent of future retirees not eligible for a medical explicit subsidy assumed to elect coverage at retirement changed from 10% to 5% to reflect recent plan experience.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 40% to 30% to reflect recent plan experience.
- 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.

2019 Changes

- The discount rate decreased from 3.62% in 2018 to 3.13% in 2019 based on updated 20-year municipal bond rates.

2018 Changes

- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality and salary increase rates were updated from the rates used in the 7/1/2015 PERA General Employees Retirement Plan and 7/1/2015 Teachers Retirement Association valuations to the rates used in the 7/1/2018 valuations.
- The percent of future retirees not eligible for a direct subsidy assumed to elect coverage at retirement changed from 20% to 10% to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- The discount rate used to measure the total OPEB liability was 3.62% based on updated 20-year municipal bond rates.

2017 Changes

- Changes of assumption and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.53% in 2017.

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SUPPLEMENTARY INFORMATION

Independent School District No. 271
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Food Service	Community Service	Total	OPEB Debt Service	Total Nonmajor Funds
Assets					
Cash and investments	$ 4,331,029	$ 6,574,750	$ 10,905,779	$ 3,279,730	$ 14,185,509
Current property taxes receivable	-	737,108	737,108	3,304,723	4,041,831
Delinquent property taxes receivable	-	14,513	14,513	3,251	17,764
Accounts receivable	960	-	960	-	960
Due from Department of Education	-	425,079	425,079	-	425,079
Due from other Minnesota school districts	-	195,921	195,921	-	195,921
Due from Federal Government through Department of Education	48,867	406,911	455,778	-	455,778
Inventory	107,951	-	107,951	-	107,951
Prepaid items	5,740	51,061	56,801	-	56,801
Total assets	$ 4,494,547	$ 8,405,343	$ 12,899,890	$ 6,587,704	$ 19,487,594
Liabilities					
Accounts payable	$ 55,955	$ 30,805	$ 86,760	$ -	$ 86,760
Contracts payable	8,900	-	8,900	-	8,900
Salaries and benefits payable	319,917	913,820	1,233,737	-	1,233,737
Due to other Minnesota school districts	-	4,220	4,220	-	4,220
Due to other governmental units	-	2,641	2,641	-	2,641
Interfund payable	78,412	117,000	195,412	-	195,412
Unearned revenue	156,671	11,081	167,752	-	167,752
Total liabilities	619,855	1,079,567	1,699,422	-	1,699,422
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	-	1,445,904	1,445,904	6,482,380	7,928,284
Unavailable revenue - delinquent property taxes	-	8,814	8,814	2,129	10,943
Total deferred inflows of resources	-	1,454,718	1,454,718	6,484,509	7,939,227
Fund Balances					
Nonspendable					
Inventory	107,951	-	107,951	-	107,951
Prepaid items	5,740	51,061	56,801	-	56,801
Restricted					
Community education programs	-	3,381,179	3,381,179	-	3,381,179
Adult basic education	-	1,357,085	1,357,085	-	1,357,085
Early childhood family and education programs	-	578,545	578,545	-	578,545
School readiness	-	503,188	503,188	-	503,188
Fund purpose	3,761,001	-	3,761,001	103,195	3,864,196
Total fund balances	3,874,692	5,871,058	9,745,750	103,195	9,848,945
Total liabilities, deferred inflows of resources, and fund balances	$ 4,494,547	$ 8,405,343	$ 12,899,890	$ 6,587,704	$ 19,487,594

Independent School District No. 271
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds				
	Food Service	Community Service	Total	OPEB Debt Service	Total Nonmajor Funds
Revenues					
Local property taxes	$ -	$ 2,276,860	$ 2,276,860	$ 353,778	$ 2,630,638
Other local and county revenues	74,668	5,671,517	5,746,185	16,482	5,762,667
Revenue from state sources	266,874	3,552,353	3,819,227	1	3,819,228
Revenue from federal sources	3,745,526	721,888	4,467,414	-	4,467,414
Sales and other conversion of assets	1,155,352	-	1,155,352	-	1,155,352
Interdistrict revenue	-	195,921	195,921	-	195,921
Total revenues	5,242,420	12,418,539	17,660,959	370,261	18,031,220
Expenditures					
Current					
Elementary and secondary regular instruction	-	100,000	100,000	-	100,000
Food service	5,279,413	-	5,279,413	-	5,279,413
Community education and services	-	11,914,265	11,914,265	-	11,914,265
Capital outlay					
Food service	594,619	-	594,619	-	594,619
Community education and services	-	42,709	42,709	-	42,709
Debt service					
Principal	-	349,179	349,179	110,000	459,179
Interest and fiscal charges	-	113,509	113,509	272,223	385,732
Total expenditures	5,874,032	12,519,662	18,393,694	382,223	18,775,917
Excess of revenues over (under) expenditures	(631,612)	(101,123)	(732,735)	(11,962)	(744,697)
Other Financing Source					
Transfers in	67,017	398,340	465,357	-	465,357
Net change in fund balances	(564,595)	297,217	(267,378)	(11,962)	(279,340)
Fund Balances					
Beginning of year	4,439,287	5,573,841	10,013,128	115,157	10,128,285
End of year	$ 3,874,692	$ 5,871,058	$ 9,745,750	$ 103,195	$ 9,848,945

Independent School District No. 271
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
Revenues				
Other local and county revenues	$ 138,384	$ 138,384	$ 74,668	$ (63,716)
Revenue from state sources	227,905	227,905	266,874	38,969
Revenue from federal sources	2,924,927	2,924,927	3,745,526	820,599
Sales and other conversion of assets	1,516,693	1,516,693	1,155,352	(361,341)
Total revenues	4,807,909	4,807,909	5,242,420	434,511
Expenditures				
Current				
Food service	5,886,543	5,886,543	5,279,413	(607,130)
Capital outlay				
Food service	41,265	41,265	594,619	553,354
Total expenditures	5,927,808	5,927,808	5,874,032	(53,776)
Excess of revenues over (under) expenditures	(1,119,899)	(1,119,899)	(631,612)	488,287
Other Financing Sources				
Transfers in	12,043	12,043	67,017	54,974
Net change in fund balance	$ (1,107,856)	$ (1,107,856)	(564,595)	$ 543,261
Fund Balance				
Beginning of year			4,439,287	
End of year			$ 3,874,692	

Independent School District No. 271
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Over (Under)
Revenues				
Local property taxes	$ 2,203,651	$ 2,203,651	$ 2,276,860	$ 73,209
Other local and county revenues	4,700,201	5,273,168	5,671,517	398,349
Revenue from state sources	3,612,891	3,607,822	3,552,353	(55,469)
Revenue from federal sources	714,841	716,037	721,888	5,851
Interdistrict revenue	192,622	192,622	195,921	3,299
Total revenues	11,424,206	11,993,300	12,418,539	425,239
Expenditures				
Current				
Administration	80,030	-	-	-
District support services	80,030	80,030	-	(80,030)
Elementary and secondary regular instruction	100,000	100,000	100,000	-
Community education and services	12,226,402	12,789,034	11,914,265	(874,769)
Capital outlay				
Community education and services	67,100	76,091	42,709	(33,382)
Debt service:				
Principal	-	-	349,179	349,179
Interest and fiscal charges	-	-	113,509	113,509
Total expenditures	12,553,562	13,045,155	12,519,662	(525,493)
Excess of revenues over (under) expenditures	(1,129,356)	(1,051,855)	(101,123)	950,732
Other Financing Sources				
Transfers in	344,485	344,485	398,340	53,855
Net change in fund balance	$ (784,871)	$ (707,370)	297,217	$ 1,004,587
Fund Balance				
Beginning of year			5,573,841	
End of year			$ 5,871,058	

Independent School District No. 271
Combining Statement of
Net Position - Internal Service Funds
June 30, 2023

	Internal Service Funds				
	Retiree Benefits	Dental Insurance	Self Insured Medical Benefits	OPEB	Total
Assets					
Cash and cash equivalents	$ 4,290,156	$ 1,102,312	$ 19,500,370	$ 110,821	$ 25,003,659
Investments	-	-	-	12,538,166	12,538,166
Accounts receivable	-	(48,354)	48,354	-	-
Interfund receivable	-	195,412	2,932,856	-	3,128,268
Interest receivable	-	-	-	134,595	134,595
Prepaid items	-	-	5,377	-	5,377
Total assets	$ 4,290,156	$ 1,249,370	$ 22,486,957	$ 12,783,582	$ 40,810,065
Liabilities					
Incurred but not reported claims	$ -	$ 27,527	$ 2,642,348	$ -	$ 2,669,875
Benefits payable	1,714,110	-	-	-	1,714,110
Unearned revenue	-	258,711	5,218,198	-	5,476,909
Total liabilities	1,714,110	286,238	7,860,546	-	9,860,894
Net Position					
Unrestricted	2,576,046	963,132	14,626,411	12,783,582	30,949,171
Total liabilities and net position	$ 4,290,156	$ 1,249,370	$ 22,486,957	$ 12,783,582	$ 40,810,065

Independent School District No. 271
Combining Statement of Revenues, Expenses. and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2023

	Internal Service Funds				
	Retiree Benefits	Dental Insurance	Self Insured Medical Benefits	OPEB	Total
Operating revenues					
Charges for services	$ -	$ 1,359,305	$ 24,545,806	$ -	$ 25,905,111
Contribution	160,394	-	-	-	160,394
Total revenue	160,394	1,359,305	24,545,806	-	26,065,505
Operating expenses					
Salaries and benefits	-	63,000	-	-	63,000
Employee benefits	213,039	1,371,635	24,123,854	738,869	26,447,397
Administrative	-	91,254	2,311,603	12,150	2,415,007
Total operating expenses	213,039	1,525,889	26,435,457	751,019	28,925,404
Operating income (loss)	(52,645)	(166,584)	(1,889,651)	(751,019)	(2,859,899)
Nonoperating revenues					
Investment income	126,267	39,982	615,726	295,177	1,077,152
Change in net position	73,622	(126,602)	(1,273,925)	(455,842)	(1,782,747)
Net position					
Beginning of year	2,502,424	1,089,734	15,900,336	13,239,424	32,731,918
End of year	$ 2,576,046	$ 963,132	$ 14,626,411	$ 12,783,582	$ 30,949,171

Independent School District No. 271
Combining Statement of Cash Flows -
Internal Service Funds
As of June 30, 2023

	Internal Service Funds				
	Retiree Benefits	Dental Insurance	Self Insured Medical Benefits	OPEB	Total
Cash Flows - Operating Activities					
Receipts from employee contributions	$ -	$ 1,430,178	$ 24,812,568	$ -	$ 26,242,746
Receipts from district contributions	335,264	-	-	-	335,264
Employee claims paid	-	(1,366,230)	(23,831,506)	(738,869)	(25,936,605)
Payments to employees	(213,039)	(63,000)	-	-	(276,039)
Payments to suppliers	-	(160,203)	(2,354,554)	(12,150)	(2,526,907)
Net cash flows - operating activities	122,225	(159,255)	(1,373,492)	(751,019)	(2,161,541)
Cash Flows - Investment Activities					
Investment purchases	-	-	-	546,253	546,253
Interest received	126,267	39,982	615,726	214,542	996,517
Net cash flows - investment activities	126,267	39,982	615,726	760,795	1,542,770
Net change in cash and cash equivalents	248,492	(119,273)	(757,766)	9,776	(618,771)
Cash and Cash Equivalents					
Beginning of year	4,041,664	1,221,585	20,258,136	101,045	25,622,430
End of year	$ 4,290,156	$ 1,102,312	$ 19,500,370	$ 110,821	$ 25,003,659
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities					
Operating income (loss)	$ (52,645)	$ (166,584)	$ (1,889,651)	$ (751,019)	$ (2,859,899)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities					
Accounts payable	-	(68,949)	(35,301)	-	(104,250)
Due to other governments	-	-	(7,650)	-	(7,650)
Benefits payable	174,870	-	-	-	174,870
Accounts receivable	-	48,354	132,874	-	181,228
claims	-	5,405	292,348	-	297,753
Interfund receivable	-	15,240	(329,376)	-	(314,136)
Unearned revenue	-	7,279	468,641	-	475,920
Prepaid items	-	-	(5,377)	-	(5,377)
Net adjustments	174,870	7,329	516,159	-	698,358
Net cash flows - operating activities	$ 122,225	$ (159,255)	$ (1,373,492)	$ (751,019)	$ (2,161,541)

Independent School District No. 271
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2023

		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				
Total revenue		$ 196,244,982	$ 196,244,982	$ -
Total expenditures		185,494,486	185,494,485	1
Nonspendable:				
4.60	Nonspendable fund balance	350,963	350,964	(1)
Restricted/reserved:				
4.01	Student Activities	111,571	111,570	1
4.02	Scholarships	35,976	35,976	-
4.03	Staff Development	-	-	-
4.07	Capital Projects Levy	4,716,776	4,716,776	-
4.08	Cooperative Programs	-	-	-
4.09	Alternative Facility Program	-	-	-
4.13	Building Projects Funded by COP/LP	-	-	-
4.14	Operating Debt	-	-	-
4.16	Levy Reduction	-	-	-
4.17	Taconite Building Maintenance	-	-	-
4.24	Operating Capital	10,331,545	10,331,545	-
4.26	$25 Taconite	-	-	-
4.27	Disabled Accessibility	-	-	-
4.28	Learning and Development	-	-	-
4.34	Area Learning Center	-	-	-
4.35	Contracted Alternative Programs	-	-	-
4.36	State Approved Alternative Program	1,970,271	1,970,270	1
4.38	Gifted and Talented	-	-	-
4.40	Teacher Development and Evaluation	-	-	-
4.41	Basic Skills Programs	-	-	-
4.45	Career Technical Programs	-	-	-
4.48	Achievement and Integration Revenue	-	-	-
4.49	Safe School Crime	-	-	-
4.51	QZAB Payments	-	-	-
4.52	OPEB Liabilities not Held in Trust	-	-	-
4.53	Unfunded Severance and Retirement Levy	-	-	-
4.59	Basic Skills Extended Time	-	-	-
4.67	Long-term Facilities Maintenance	-	-	-
4.72	Medical Assistance	-	-	-
4.75	Title VII - Impact Aid	-	-	-
4.76	Payments in Lieu of Taxes	-	-	-
Restricted:				
4.72	Medical Assistance	-	-	-
4.64	Restricted fund balance	-	-	-
4.75	Title VII - Impact Aid	-	-	-
4.76	Payments in Lieu of Taxes	-	-	-
Committed:				
4.18	Committed for separation	-	-	-
4.61	Committed fund balance	13,897,134	13,897,133	1
Assigned:				
4.62	Assigned fund balance	120,000	120,000	-
Unassigned:				
4.22	Unassigned fund balance	12,883,029	12,883,029	-
02 FOOD SERVICE FUND				
Total revenue		$ 5,242,420	$ 5,242,416	$ 4
Total expenditures		5,874,032	5,874,028	4
Nonspendable:				
4.60	Nonspendable fund balance	113,691	113,691	-
Restricted/reserved:				
4.52	OPEB liabilities not held in trust	-	-	-
Restricted:				
4.64	Restricted fund balance	3,761,001	3,760,999	2
Unassigned:				
4.63	Unassigned fund balance	-	-	-
04 COMMUNITY SERVICE FUND				
Total revenue		$ 12,418,539	$ 12,418,539	$ -
Total expenditures		12,519,662	12,519,663	(1)
Nonspendable:				
4.60	Nonspendable fund balance	51,061	51,061	-
Restricted/reserved:				
4.26	$25 Taconite	-	-	-
4.31	Community Education	3,381,179	3,381,179	-
4.32	ECFE	578,545	578,545	-
4.40	Teacher Development and Evaluation	-	-	-
4.44	School Readiness	503,188	503,188	-
4.47	Adult Basic Education	1,357,085	1,357,085	-
4.52	OPEB Liabilities not Held in Trust	-	-	-
Restricted:				
4.64	Restricted fund balance	-	-	-
Unassigned:				
4.63	Unassigned fund balance	-	-	-

		Audit	UFARS	Audit-UFARS
06 BUILDING CONSTRUCTION FUND				
Total revenue		$ 901,359	$ 901,362	$ (3)
Total expenditures		13,412,420	13,412,419	1
Nonspendable:				
4.60	Nonspendable fund balance	-	-	-
Restricted/reserved:				
4.07	Capital Projects Levy	-	-	-
4.09	Alternative Facility Program	-	-	-
4.13	Building Projects Funded by COP/LP	-	-	-
4.67	Long-term Facilities Maintenance	28,666,732	28,666,734	(2)
Restricted:				
4.64	Restricted fund balance	-	-	-
Unassigned:				
4.63	Unassigned fund balance	-	-	-
07 DEBT SERVICE FUND				
Total revenue		$ 13,826,582	$ 13,826,581	$ 1
Total expenditures		12,968,919	12,968,919	-
Nonspendable:				
4.60	Nonspendable fund balance	-	-	-
Restricted/reserved:				
4.25	Bond refunding	-	-	-
4.33	Maximum effort loan aid	-	-	-
4.51	QZAB payments	-	-	-
4.67	LTFM	-	-	-
Restricted:				
4.64	Restricted fund balance	1,991,970	1,991,970	-
Unassigned:				
4.63	Unassigned fund balance	-	-	-
08 TRUST FUND				
Total revenue		$ -	$ -	$ -
Total expenditures		-	-	-
Unassigned:				
4.01	Student Activities	-	-	-
4.02	Scholarships	-	-	-
4.22	Net position	-	-	-
18 CUSTODIAL				
Total revenue		$ -	$ -	$ -
Total expenditures		-	-	-
Restricted/Reserved				
4.01	Student Activities	-	-	-
4.02	Scholarships	-	-	-
4.48	Achievement and Integration	-	-	-
4.64	Restricted	-	-	-
20 INTERNAL SERVICE FUND				
Total revenue		$ 26,847,480	$ 26,847,479	$ 1
Total expenditures		28,174,385	28,174,384	1
Unassigned:				
4.22	Net position	18,165,589	18,165,590	(1)
25 OPEB REVOCABLE TRUST				
Total revenue		$ 295,177	$ 295,177	$ -
Total expenditures		751,019	751,019	-
Unassigned:				
4.22	Net position	12,783,582	12,783,582	-
45 OPEB IRREVOCABLE TRUST				
Total revenue		$ -	$ -	$ -
Total expenditures		-	-	-
Unassigned:				
4.22	Net position	-	-	-
47 OPEB DEBT SERVICE				
Total revenue		$ 370,261	$ 370,261	$ -
Total expenditures		382,223	382,223	-
Nonspendable:				
4.60	Nonspendable fund balance	-	-	-
Restricted:				
4.25	Bond refundings	-	-	-
4.64	Restricted fund balance	103,195	103,195	-
Unassigned:				
4.63	Unassigned fund balance	-	-	-

Independent School District No. 271
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child nutrition cluster		
Commodities programs (noncash assistance)	10.555	$ 326,775
School breakfast	10.553	516,410
Fresh fruits and vegetables program	10.582	35,468
Summer food service	10.559	147,070
Type A lunch	10.555	2,413,210
After school snack	10.555	46,730
Supply Chain Assistance Funding	10.555C	256,728
Total child nutrition cluster and U.S. Department of Agriculture		3,742,391
U.S. Department of Education		
Through Minnesota Department of Education		
COVID - Coronavirus Relief Fund	21.019	3,267
COVID - Coronavirus State and Local Fiscal Recovery Fund	21.027	701,878
Title I, Part A	84.010	1,930,671
Title II, Part A - improving teacher quality	84.367	139,962
Title III, Part A - language enhancement	84.365	213,003
Title IV, Part A - safe and drug-free schools and communities	84.424	99,499
Comprehensive literacy state development	84.371	948,711
Special education cluster		
Special education	84.027	2,404,788
ARP IDEA Part B Section 611	84.027X	15,741
Handicapped early education	84.173	64,000
Total special education cluster		2,484,529
Infants and toddlers	84.181	45,921
Adult basic education		
Adult basic education	84.002	199,477
Adult basic education literacy	84.002A	42,022
Total adult basic education		241,499
Education for homeless children and youth	84.196	35,000
Javits Gifted and Talented Students Education	84.206A	115,191
Education Stabilization Fund		
COVID - Elementary and Secondary School Emergency Relief II	84.425D	5,150,622
COVID - ARP - Learning Recovery and Emergency Relief	84.425U	10,477,055
COVID - ARP - Homeless I and II	84.425W	58,230
Total Education Stabilization Fund		15,685,907
Total U.S. Department of Education		22,645,038
U.S. Department of Health and Human Services		
Through Minnesota Department of Education		
COVID - Minnesota Covid-19 Testing	93.323	1,329,865
Through Independent School District No. 273		
Carl Perkins	84.048A	63,556
Direct from federal government		
Indian elementary and secondary school assistance	84.060	37,908
Total federal expenditures		$ 27,818,758

See notes to schedule of expenditures of federal awards.

Independent School District No. 271
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes of net assets, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified 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.

NOTE 3 – PASS-THROUGH GRANT NUMBERS

All pass-through entities listed above use the same Assistance Listing numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 4 – INVENTORY

Inventories of commodities donated by the U.S. Department of Agriculture are recorded at market value in the Food Service Fund as inventory. Revenue and expenditures are recorded when commodities are used.

NOTE 5 – INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

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

Independent Auditor's Report

To the School Board
Independent School District No. 271
Bloomington, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 271, Bloomington, Minnesota, as of and for the year ending June 30, 2023, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 20, 2023.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the basic financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

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 result 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.

BerganKDV, Ltd.

Minneapolis, Minnesota
November 20, 2023

**Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance Required by
the Uniform Guidance**

Independent Auditor's Report

To the School Board
Independent School District No. 271
Bloomington, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the District 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

Report on Internal Control over Compliance (Continued)
Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

BerganKDV, Ltd.

Minneapolis, Minnesota
November 20, 2023

Independent School District No. 271
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516*?*	No
Identification of Major Programs	
Assistance Listing No.:	84.010
Name of Federal Program or Cluster	Title I, Part A
Assistance Listing No.:	84.425
Name of Federal Program or Cluster	Education Stabilization Fund
Assistance Listing No.:	93.323
Name of Federal Program or Cluster	Minnesota COVID-19 Testing
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low risk auditee?	No

Independent School District No. 271
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs noted.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs noted.

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Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 271
Bloomington, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 271, Bloomington, Minnesota, as of and for the year ended June 30, 2023, and the related notes to basic financial statements, and have issued our report thereon dated November 20, 2023.

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

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

BerganKDV, Ltd.

Minneapolis, Minnesota
November 20, 2023

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

APPENDIX B

FORM OF LEGAL OPINION

Independent School District No. 271
Bloomington, Minnesota

[Purchaser]
[City, State]

Re: **$**[PAR] General Obligation Facilities Maintenance and Capital Facilities Bonds, Series 2024A
Independent School District No. 271 (Bloomington Public Schools)
Hennepin and Scott Counties, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 271 (Bloomington Public Schools), Hennepin and Scott Counties, Minnesota, of the obligations described above, dated, as originally issued, as of November [__], 2024 (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.

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) and 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.

In providing this opinion, we have relied upon representations of the District and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities and equipment financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

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

Dated this [__]th day of November, 2024.

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 AWARD RESOLUTION)

(See following pages)

FORM OF CONTINUING DISCLOSURE COVENANTS

Excerpt from Resolution

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, 2024, the following financial information and operating data in respect of the District (the Disclosure Information):

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

(B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: "VALUATIONS – Current Property Valuations;" "DEBT – Direct Debt;" "TAX LEVIES, COLLECTION AND RATES – Tax Levies and Collections;" "THE ISSUER – Student Body;" and "GENERAL INFORMATION – Employment/Unemployment Data;" which information may be unaudited.

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

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

(A) principal and interest payment delinquencies;
(B) non-payment related defaults, if material;
(C) unscheduled draws on debt service reserves reflecting financial difficulties;
(D) unscheduled draws on credit enhancements reflecting financial difficulties;

(E) substitution of credit or liquidity providers, or their failure to perform;

(F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

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

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

(I) defeasances;

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

(K) rating changes;

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

(M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

(O) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; "financial obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule; and

(P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

(A) the failure of the District to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;

(B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the District under subsection (d)(2);

(C) the termination of the obligations of the District under this section pursuant to subsection (d);

(D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and

(E) any change in the fiscal year of the District.

(c) Manner of Disclosure.

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

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

(d) Term; Amendments; Interpretation.

(1) The covenants of the District in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the

obligations of the District under this section shall terminate and be without further effect as of any date on which the District delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the District to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

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

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

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

APPENDIX E

TERMS OF PROPOSAL

$34,695,000* GENERAL OBLIGATION FACILITIES MAINTENANCE AND CAPITAL FACILITIES BONDS, SERIES 2024A INDEPENDENT SCHOOL DISTRICT NO. 271 (BLOOMINGTON PUBLIC SCHOOLS), MINNESOTA

Proposals for the purchase of $34,695,000* General Obligation Facilities Maintenance and Capital Facilities Bonds, Series 2024A (the "Bonds") of Independent School District No. 271 (Bloomington 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 bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 9:30 A.M. Central Time, on October 28, 2024, 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 7:00 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.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 123B.595, as amended, by the District for the purposes of financing various deferred capital maintenance projects at District facilities as described in the District's updated ten-year facility plan and approved by the Commissioner of Education and improvements at the District's outdoor athletic facilities. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated November 21, 2024, 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*
2026	$390,000	2031	$2,105,000	2036	$635,000
2027	435,000	2032	7,400,000	2037	665,000
2028	1,430,000	2033	5,800,000	2038	690,000
2029	4,515,000	2034	1,890,000	2039	720,000
2030	2,660,000	2035	5,360,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

The District has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC 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 maturing on and after February 1, 2033 are be subject to redemption and prepayment at the option of the District, in whole or in part, in such order as the District shall determine and within a maturity by lot as selected by the Registrar in multiples of $5,000, on February 1, 2032, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

The Clerk shall cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, shall cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the bond register but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

DELIVERY

On or about November 21, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

SUBMISSION OF PROPOSALS

Proposals must not be for less than $34,695,000 plus accrued interest on the principal sum of $34,695,000 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 09:30 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 IHS Markit (now part of S&P Global) at https://ihsmarkit.com/products/municipal-issuance.html or via telephone (844) 301-7334.

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 submission.

A good faith deposit ("Deposit") in the amount of $693,900 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 Deposit will be deducted from the purchase price at the closing for the Bonds.

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 Bonds shall not be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), in the Award Resolution, 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. 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 Underwriter (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. 271
(Bloomington Public Schools), Minnesota

PROPOSAL FORM

The School Board **October 28, 2024**
Independent School District No. 271 (Bloomington Public Schools), Minnesota (the "District")

RE: **$34,695,000* General Obligation Facilities Maintenance and Capital Facilities Bonds, Series 2024A (the "Bonds")**
DATED: **November 21, 2024**

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you $__________________ (not less than $34,695,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

______	% due	2026	______	% due	2031	______	% due	2036
______	% due	2027	______	% due	2032	______	% due	2037
______	% due	2028	______	% due	2033	______	% due	2038
______	% due	2029	______	% due	2034	______	% due	2039
______	% due	2030	______	% due	2035			

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

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of $693,900 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. The Deposit will be deducted from the purchase price at the closing for the Bonds. 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 November 21, 2024.

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 Underwriter (Syndicate Manager), we agree to provide the District with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: _____10% test, or the _____hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: ______________________________ By: ______________________________
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from November 21, 2024 of the above proposal is $_______________and the true interest cost (TIC) is __________%.

The foregoing offer is hereby accepted by and on behalf of School Board of Independent School District No. 271 (Bloomington Public Schools), Minnesota, on October 28, 2024.

By: ______________________________ By: ______________________________

Title: ______________________________ Title: ______________________________