PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 2, 2019

NEW ISSUE | **S&P MNSDCEP Rating: Requested**
NOT BANK QUALIFIED | **S&P Underlying Rating: Requested**

In the opinion of Knutson, Flynn & Deans, Professional Association, Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities and the interest to be paid on said Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes (but is subject to Minnesota taxes on banks and corporations measured by income) according to present federal and Minnesota laws, regulations, rulings, and decisions. (See "TAX EXEMPTION" herein.)

$11,425,000*
Independent School District No. 281 (Robbinsdale Area Schools)
Hennepin County, Minnesota
General Obligation Refunding Bonds, Series 2019A

(Minnesota School District Credit Enhancement Program)
(Book Entry Only)

Dated Date: Date of Delivery | **Interest Due: Each February 1 and August 1 commencing August 1, 2020**

The Bonds (as defined herein) will mature February 1 in the years and amounts* as follows:

2021 $2,780,000 | 2022 $2,835,000 | 2023 $2,890,000 | 2024 $2,920,000

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above.

The Bonds will not be subject to redemption in advance of their respective stated maturity dates.

The Bonds are general obligations of the District for which the District pledges its full faith and credit and power to levy direct general ad valorem taxes. The District has also covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 and to use the provisions of that statute pursuant to which the State of Minnesota will appropriate money to the payment of the principal and interest on the Bonds when due if the District is unable to make a principal or interest payment. The proceeds of the Bonds will be used to refund (i) the February 1, 2021 through February 1, 2024 maturities of the District's General Obligation School Building Refunding Bonds, Series 2010A, dated May 1, 2010; and (ii) the February 1, 2021 through February 1, 2024 maturities of the District's General Obligation School Building Refunding Bonds, Series 2010B, dated December 1, 2010.

Proposals shall be for not less than $11,367,875 plus accrued interest, if any, on the total principal amount of the Bonds. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Following receipt of proposals, a good faith deposit will be required to be delivered to the District by the lowest bidder as described in the "Terms of Proposal" herein. Award of the Bonds will be made on the basis of True Interest Cost (TIC).

The District will not designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) Zions Bancorporation, National Association, Chicago, Illinois will serve as registrar (the "Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about November 21, 2019.

PROPOSALS RECEIVED: Tuesday, October 22, 2019 until 10:00 A.M., Central Time
CONSIDERATION OF AWARD: School Board meeting commencing at 7:00 P.M., CT on Tuesday, October 22, 2019

bakertilly
MUNICIPAL ADVISORS
now joined with
Springsted and Umbaugh

Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* *Preliminary; subject to change.*

INDEPENDENT SCHOOL DISTRICT NO. 281
(ROBBINSDALE AREA SCHOOLS)
HENNEPIN COUNTY, MINNESOTA

SCHOOL BOARD

John Vento	Chair
Michael J. Herring	Vice Chair
Pam Lindberg	Clerk
Helen Bassett	Treasurer
Sherry Tyrrell	Member
Sam Sant	Member
David Boone	Member

SUPERINTENDENT

Dr. Carlton Jenkins

EXECUTIVE DIRECTOR OF FINANCE

Greg Hein

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Knutson, Flynn and Deans, Professional Association
Mendota Heights, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the District from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the District.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the District agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the Terms of Proposal.

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the District and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the District. The District is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the District that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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THE DISTRICT HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$11,425,000*

INDEPENDENT SCHOOL DISTRICT NO. 281 (ROBBINSDALE AREA SCHOOLS)
HENNEPIN COUNTY, MINNESOTA

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019A

(MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM)

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Bonds") will be received by Independent School District No. 281 (Robbinsdale Area School), Hennepin County, Minnesota (the "District") on Tuesday, October 22, 2019 (the "Sale Date") until 10:00 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the School Board at its meeting commencing at 7:00 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the District to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) ***Sealed Bidding.*** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) ***Electronic Bidding.*** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal*. Neither the District, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the District, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The District is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the District.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

> PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
> Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts* as follows:

2021 $2,780,000	2022 $2,835,000	2023 $2,890,000	2024 $2,920,000

* *The District reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the District for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The District will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The District will pay for the services of the registrar.

OPTIONAL REDEMPTION

The Bonds will not be subject to redemption in advance of their respective stated maturity dates.

SECURITY AND PURPOSE

The Bonds will be general obligations of the District for which the District will pledge its full faith and credit and power to levy direct general ad valorem taxes. The District has also covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 and to use the provisions of that statute pursuant to which the State of Minnesota will appropriate money to the payment of the principal and interest on the Bonds when due if the District is unable to make a principal or interest payment. The proceeds of the Bonds will be used to refund (i) the February 1, 2021 through February 1, 2024 maturities of the District's General Obligation School Building Refunding Bonds, Series 2010A, dated May 1, 2010; and (ii) the February 1, 2021 through February 1, 2024 maturities of the District's General Obligation School Building Refunding Bonds, Series 2010B, dated December 1, 2010.

BIDDING PARAMETERS

Proposals shall be for not less than $11,367,875 plus accrued interest, if any, on the total principal amount of the Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date 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. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the District with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the District in establishing the issue price of the Bonds and shall complete, execute, and deliver to the District prior to the closing date, a written certification in a form acceptable to the Purchaser, the District, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the District pursuant hereto may be taken or received on behalf of the District by Baker Tilly MA.

The District intends that the sale of the Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

(i) the District shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
(ii) all bidders shall have an equal opportunity to submit a bid;
(iii) the District reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
(iv) the District anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the District shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the District and Baker Tilly MA if 10% of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The District will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The District will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the District will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the District and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the District and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the District in the amount of $114,250 (the “Deposit”) no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier’s check payable to the District; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the District nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the District may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier’s Check. A Deposit made by certified or cashier’s check will be considered timely delivered to the District if it is made payable to the District and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the District upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the District and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the District.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the District. The District's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The District will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the District determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The District has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder’s proposal. The District specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the District. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the District) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about November 21, 2019, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Knutson, Flynn & Deans, a Professional Association of Mendota Heights, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the District or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the District, or its agents, the Purchaser shall be liable to the District for any loss suffered by the District by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

On the date of the actual issuance and delivery of the Bonds, the District will execute and deliver a Continuing Disclosure Undertaking (the “Undertaking”) whereunder the District will covenant to provide, or cause to be provided, annual financial information, including audited financial statements of the District, and notices of certain material events, as specified in and required by SEC Rule 15c2-12(b)(5).

OFFICIAL STATEMENT

The District has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the District as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the District, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the District agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The District designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the District, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated September 23, 2019 BY ORDER OF THE SCHOOL BOARD

/s/ Pam Lindberg
Clerk

OFFICIAL STATEMENT

$11,425,000*

INDEPENDENT SCHOOL DISTRICT NO. 281 (ROBBINSDALE AREA SCHOOLS)
HENNEPIN COUNTY, MINNESOTA

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019A

(MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM)

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains certain information relating to Independent School District No. 281 (Robbinsdale Area Schools) Hennepin County, Minnesota (the "District") and its issuance of $11,425,000* General Obligation Refunding Bonds, Series 2019A (the "Bonds"). The Bonds are general obligations of the District for which it pledges its full faith and credit and power to levy direct general ad valorem taxes. The District has also covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 and to use the provisions of that statute pursuant to which the State of Minnesota will appropriate money to the payment of the principal and interest on the Bonds when due if the District is unable to make a principal or interest payment.

Inquiries may be directed to Mr. Greg Hein, Executive Director of Finance, Independent School District No. 281 (Robbinsdale Area Schools), 4148 Winnetka Avenue North, New Hope, Minnesota 55427, by telephoning (763) 504-8037 or by e-mailing greg_hein@rdale.org. Inquiries may also be made to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by e-mailing bond_services@bakertilly.com. If information of a specific legal nature is desired, requests may be directed to Mr. Thomas S. Deans, of Knutson, Flynn & Deans, Professional Association, Bond Counsel, 1155 Centre Pointe Drive, Suite 10, Mendota Heights, Minnesota 55120, by telephoning (651) 225-0616, or by e-mailing tdeans@kfdmn.com.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to the Award Resolution and Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the District on or before closing, the District has and will covenant for the benefit of holders or beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to certain information repositories annually, and to provide notices of the occurrence of certain events enumerated in the Rule to certain information repositories or the Municipal Securities Rulemaking Board and to any state information depository. The specific nature of the Certificate, as well as the information to be contained in the annual report or the notices of material events is set forth in the Certificate in substantially the form attached hereto as Appendix II, subject to such modifications thereof or additions thereto as: (i) consistent with requirements under the Rule, (ii) required by the purchaser of the Bonds from the District, and (iii) acceptable to the Chair and Clerk of the District.

* *Preliminary; subject to change.*

The District believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule, except to the extent the following are deemed to be material. In reviewing its past disclosure practices, the District notes the following:

- Prior continuing disclosure undertakings entered into by the District included language stating that the District's annual filings would be filed "as soon as available." Although not always filed "as soon as available," the annual filings were completed within the required twelve (12) month timeframe as required in each undertaking. A notice regarding this information was filed with EMMA on October 10, 2017.

A failure by the District to comply with the Certificate will not constitute an event of default on the Bonds (although holders or other beneficial owners of the Bonds will have the sole remedy of bringing an action for specific performance). Nevertheless, such a 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. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

General Description

The Bonds are dated as of the date of delivery and will mature annually on February 1 as set forth on the front cover of this Official Statement. The Bonds are issued in book entry form. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled "Book Entry System." Zions Bancorporation, National Association, Chicago, Illinois will serve as Registrar for the Bonds, and the District will pay for registrar services.

Redemption Provisions

The Bonds will not be subject to redemption in advance of their respective stated maturity dates.

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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"). 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds 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 its agent on the 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 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 its 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.

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

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, certificates will be printed and delivered to DTC.

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.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475. The proceeds of the Bonds will be used to refund (i) the February 1, 2021 through February 1, 2024 maturities (the "Series 2010A Refunded Maturities") of the District's General Obligation School Building Refunding Bonds, Series 2010A, dated May 1, 2010; and (ii) the February 1, 2021 through February 1, 2024 maturities (the "Series 2010B Refunded Maturities") of the District's General Obligation School Building Refunding Bonds, Series 2010B, dated December 1, 2010. The Series 2010A Refunded Maturities and the Series 2010B Refunded Maturities are collectively referred to as the "Refunded Maturities."

The Bonds have been structured as a current refunding and are being issued to achieve debt service savings. It is anticipated that the Refunded Maturities will be called and prepaid at a price of par plus accrued interest on February 1, 2020, which is within 90 days of settlement of the Bonds.

SOURCES AND USES OF FUNDS

The composition of the Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	$11,425,000
Total Sources of Funds	$11,425,000
Uses of Funds:	
Deposit for Refunding Purposes	$11,295,000
Costs of Issuance	72,875
Allowance for Discount Bidding	57,125
Total Uses of Funds	$11,425,000

SECURITY AND FINANCING

The Bonds will be general obligations of the District for which the District will pledge its full faith and credit and power to levy direct general ad valorem taxes. The District has also covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 and to use the provisions of that statute pursuant to which the State of Minnesota (the "State") will appropriate money to the payment of the principal and interest on the Bonds when due if the District is unable to make a principal or interest payment. The District will make its first levy for the Bonds in 2019 for collection in 2020. Each year's collection of taxes, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM

By resolution adopted for this issue on September 23, 2019 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State 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 any 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 Registrar 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 Registrar 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 Registrar. The Law also requires, after receipt of a notice which requests a payment pursuant to the Law, after consultation with the Registrar and the District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. The State Payment Law provides that "upon receipt of this notice . . . the Commissioner of Management and Budget shall issue a warrant and authorize the Commissioner of Education to pay to the Registrar for the debt obligation the specified amount on or before the date due. The amounts needed for purposes of subdivision are annually appropriated to the Department of Education from the state general fund."

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

In its Final Official Statement dated August 6, 2019 related to its 2019 General Obligation State Bonds, the State disclosed the following information about the State Credit Enhancement Program for school districts:

> "Minnesota Statutes, Section 126C.55, establishes a school district credit enhancement program. The law authorizes and directs the Commissioner of Management and Budget, under certain circumstances and subject to the availability of funds, to issue a warrant and authorize the Commissioner of Education to pay debt service due on school district and intermediate school district certificates of indebtedness issued under Minnesota Statutes, Section 126D.52, certificates of indebtedness and capital notes for equipment, certificates of participation issued under

Minnesota Statutes, Section 126D.40, subdivision 6, and school district and intermediate school district general obligation bonds, in the event that the school district or intermediate school district notifies the Commissioner of Education that it does not have sufficient money in its debt service fund for this purpose, or the paying agent informs the Commissioner of Education that it has not received from the school district timely payment of moneys to be used to pay debt service. The legislation appropriates annually form the General Fund to the Commissioner of Education the amounts needed to pay any warrants which are issued.

…As of the date of this Official Statement, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2046, is approximately $15.1 billion. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of the date of this Official Statement is currently estimated at $2.3 billion, with the maximum amount of principal and interest payable in any one month being $889.3 million. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.

…The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under this 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."

FUTURE FINANCING

The District may issue general obligation facilities maintenance bonds in the estimated amount of $17,985,000 and aid anticipation certificates in an amount as yet to be determined within the next 90 days.

LITIGATION

The District is not aware of any threatened or pending litigation affecting the validity of the Bonds or the District's ability to meet its financial obligations.

LEGALITY

The Bonds are subject to approval as to certain matters by Knutson, Flynn & Deans, Professional Association, of Mendota Heights, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix I herein will be delivered at closing.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and decisions, interest on the Bonds is not includable in the "gross income" of the owners thereof for purposes of federal income taxation and is not includable in net taxable income of individuals, estates or trusts for purposes of State of Minnesota income taxation, but is subject to State of Minnesota franchise taxes measured by income that are imposed upon corporations and financial institutions.

Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended, (the "Code") and covenants of the bond resolution may result in the inclusion of interest on the Bonds in gross income (for federal tax purposes) and net taxable income for State of Minnesota tax purposes of the owners thereof. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to 15% of the interest on the Bonds that is received or accrued during the taxable year.

Interest on the Bonds is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Such interest is not included in adjusted current earnings of corporations for purposes of the Minnesota alternative minimum tax and the federal alternative minimum tax. Adjusted current earnings include income received that is otherwise exempt from taxation such as interest on the Bonds.

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

NOT BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

RATINGS

Application for an underlying rating of the Bonds has been made to S&P Global Ratings ("S&P"), 55 Water Street, New York, New York. In addition, the District expects the Bonds to be rated by S&P based on the Minnesota School District Credit Enhancement Program. If the ratings are assigned, they will reflect only the opinion of S&P. Any explanation of the significance of the ratings may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The District has retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CERTIFICATION

The District has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the District stating that the District examined each document and that, as of the respective date of each document and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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DISTRICT PROPERTY VALUES

Trend of Values[(a)]

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio[(b)]	Economic Market Value[(c)]	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2018/19	$9,966,964,100	93.5%	$10,419,376,539	$9,487,241,032	$114,722,950
2017/18	9,276,056,000	93.9	9,625,543,023	8,760,814,291	107,329,763
2016/17	8,619,077,000	92.7	9,020,667,575	8,073,005,407	99,900,976
2015/16	8,110,630,300	93.4	8,402,715,259	7,549,522,734	93,317,239
2014/15	7,818,603,800	93.4	8,083,392,864	7,250,958,891	90,074,826

(a) *For a description of the Minnesota property tax system, see Appendix III.*

(b) *Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

(c) *Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

Source: Hennepin County, Minnesota, September 2019, except as otherwise noted.

2018/19 Adjusted Taxable Net Tax Capacity: $114,722,950

Real Estate:		
Residential Homestead	$ 68,706,113	61.6%
Commercial/Industrial, Railroad and Public Utility	27,510,718	24.7
Residential Non-Homestead	12,981,471	11.6
Seasonal Recreational	468,438	0.4
Agricultural and Other	244,419	0.2
Personal Property	1,611,730	1.5
2018/19 Net Tax Capacity	$111,522,889	100.0%
Less: Captured Tax Increment	(3,747,880)	
Contribution to Fiscal Disparities	(10,121,044)	
Transmission Lines	(62)	
Plus: Distribution from Fiscal Disparities	17,069,047	
2018/19 Adjusted Taxable Net Tax Capacity	$114,722,950	

2018/19 District Adjusted Taxable Net Tax Capacity by Municipality

City	Composition of District's Adjusted Taxable Net Tax Capacity Amount	Percent	Percent of Municipality's Tax Capacity in District
Brooklyn Center	$ 5,824,469	5.1%	21.9%
Brooklyn Park	4,204,400	3.7	4.8
Crystal	23,103,648	20.1	100.0
Golden Valley	19,871,185	17.3	45.1
New Hope	23,074,453	20.1	100.0
Plymouth	24,864,325	21.7	18.3
Robbinsdale	13,780,470	12.0	100.0
Total	$114,722,950	100.0%	

Ten of the Largest Taxpayers in the District

Taxpayer	Type of Property	2018/19 Net Tax Capacity
Bigos Management, Inc.	Apartments	$ 643,163
FW MN-Rockford Road LLC	Commercial	605,580
Abbott Laboratories	Industrial	573,970
Boom (MN) LLC	Commercial	571,250
Crystal Shopping Center Association	Commercial	460,950
Plymouth Ponds LLLP	Apartments	398,438
Columbia II Rockridge Cent	Commercial	358,630
Golden Valley Investors LLC	Commercial	305,490
Liberty Xing Investment Partnership	Apartments	296,838
CRW Plymouth LLC	Commercial	286,110
Total		$4,500,419*

* *Represents 3.9% of the District's 2018/19 adjusted taxable net tax capacity.*

DISTRICT INDEBTEDNESS

Legal Debt Limit and Debt Margin*

Legal Debt Limit (15% of 2018/19 Economic Market Value of $10,419,376,539)	$1,562,906,481
Less: Outstanding Debt Subject to Limit	(174,470,460)
Legal Debt Margin as of November 21, 2019	$1,388,436,021

* *The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.*

NOTES: *Certain types of debt are not subject to the legal debt limit. See Appendix III – Debt Limitations.*

Minnesota Statutes limits the "net debt" of a school district to 15% of its actual market value. Actual market value is either the District's Estimated Market Value or Economic Market Value, whichever is higher.

General Obligation Debt Supported Solely by Taxes[(a)]

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 11-21-19
12-16-08	$ 6,080,000	School Building Refunding	2-1-2020	$ 670,000
5-1-10	20,790,000	School Building Refunding	2-1-2020	1,850,000[(b)]
12-1-10	7,685,000	School Building Refunding	2-1-2020	705,000[(c)]
5-15-11	10,990,000	Alternative Facilities	2-1-2032	7,805,000
11-15-11	20,630,000	School Building Refunding	2-1-2021	4,995,000
8-29-12	8,535,000	Alternative Facilities	2-1-2024	8,315,000
11-6-12	24,610,000	School Building Refunding	2-1-2022	9,290,000
7-18-13	3,200,000	Capital Facilities	2-1-2023	1,300,000
5-1-14	13,425,000	Alternative Facilities	2-1-2026	13,325,000
11-20-14	9,640,000	School Building Refunding	2-1-2024	5,850,000
8-25-15	17,100,000	Facilities Maintenance	2-1-2028	17,100,000
11-19-15	2,300,000	School Building Refunding	2-1-2020	635,000
3-10-16	9,235,000	Capital Facilities	2-1-2031	9,235,000
6-1-16	7,080,000	Alternative Facilities Refunding	2-1-2027	5,930,000
6-1-16	40,800,000	Facilities Maintenance	2-1-2032	40,800,000
5-24-17	12,170,000	Alternative Facilities Refunding	2-1-2029	11,005,000
5-30-18	14,200,000	Facilities Maintenance	2-1-2031	13,295,000
11-6-18	9,910,000	Taxable OPEB Refunding	2-1-2025	9,910,000[(d)]
11-21-19	11,425,000	Refunding (the Bonds)	2-1-2024	11,425,000
Total				$173,440,000

(a) *These issues are subject to the legal debt limit, except where otherwise noted.*

(b) *Excludes the Series 2010A Refunded Maturities.*

(c) *Excludes the Series 2010B Refunded Maturities.*

(d) *This issue is not subject to the legal debt limit.*

Certificates of Participation*

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 11-21-19
7-19-16	$9,535,000	School Building Additions	4-1-2031	$7,810,000

* *This issue is subject to the legal debt limit.*

Lease Obligations*

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 11-21-19
10-27-16	$1,942,000	School Building Addition	2-1-2031	$1,676,956
6-1-17	1,701,000	School Building Additions	2-1-2032	1,453,504
Total				$3,130,460

* *These issues are subject to the legal debt limit.*

Estimated Calendar Year Debt Service Payments Including the Bonds and Excluding the Refunded Maturities

	G.O. Debt Supported Solely by Taxes		Certificates of Participation	
Year	Principal	Principal & Interest[(a)]	Principal	Principal & Interest
2019 (at 11-21)	(Paid)	(Paid)	(Paid)	(Paid)
2020	$ 12,715,000	$ 18,304,821	$ 575,000	$ 747,706
2021	13,445,000	18,349,469	585,000	746,106
2022	13,965,000	18,422,895	600,000	749,256
2023	14,425,000	18,446,751	610,000	747,156
2024	13,940,000	17,514,485	620,000	738,656
2025	15,670,000	18,748,994	645,000	744,806
2026	16,230,000	18,770,244	660,000	746,756
2027	13,480,000	15,542,419	675,000	748,406
2028	13,460,000	15,113,859	685,000	744,378
2029	13,870,000	15,107,769	700,000	743,788
2030	14,410,000	15,203,994	720,000	746,925
2031	12,850,000	13,213,338	735,000	744,188
2032	4,980,000	5,059,462		
Total	$173,440,000[(b)]	$207,798,500	$7,810,000[(c)]	$8,948,127

	Lease Obligations	
Year	Principal	Principal & Interest
2019 (at 11-21)	(Paid)	(Paid)
2020	$ 213,091	$ 297,583
2021	218,971	297,583
2022	225,016	297,583
2023	231,230	297,583
2024	237,616	297,583
2025	244,181	297,583
2026	250,929	297,583
2027	257,866	297,583
2028	264,996	297,583
2029	272,325	297,583
2030	279,860	297,583
2031	287,604	297,583
2032	146,775	148,792
Total	$3,130,460[(d)]	$3,719,788

[(a)] *Includes the Bonds at an assumed average annual interest rate of 1.30% and excludes the Refunded Maturities.*

[(b)] *81.4% of this debt will be retired within ten years.*

[(c)] *81.4% of this debt will be retired within ten years.*

[(d)] *77.2% of this debt will be retired within ten years.*

Overlapping Debt

Taxing Unit[(a)]	2018/19 Adjusted Taxable Net Tax Capacity	Est. G.O. Debt As of 11-21-19[(b)]	Debt Applicable to Tax Capacity in District Percent	Amount
Hennepin County	$1,979,015,644	$1,038,700,000	5.8%	$ 60,244,600
Hennepin County Regional Railroad Authority	1,979,015,644	104,075,000	5.8	6,036,350
City of Brooklyn Center	26,538,221	27,470,000	21.9	6,015,930
City of Brooklyn Park	87,673,332	35,615,000[(c)]	4.8	1,709,520
City of Crystal	23,103,648	15,560,000	100.0	15,560,000
City of Golden Valley	44,061,509	65,645,000[(d)]	45.1	29,605,895
City of City of New Hope	23,074,453	45,280,000	100.0	45,280,000
City of Plymouth	135,579,210	8,270,000	18.3	1,513,410
City of Robbinsdale	13,780,470	10,580,000	100.0	10,580,000
Three Rivers Park District	1,392,585,502	51,690,000	8.2	4,238,580
Metropolitan Council	4,281,620,797	5,735,000[(e)]	2.7	154,845
Metropolitan Transit	3,433,535,041	262,085,000	3.3	8,648,805
Total				$189,587,935

(a) *Only those units with outstanding general obligation debt are shown here.*

(b) *Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.*

(c) *Includes $1,265,000 of lease revenue bonds issued by the Brooklyn Park Economic Development Authority.*

(d) *Includes $16,285,000 of lease revenue bonds issued by the Housing and Redevelopment Authority of the City of Golden Valley, Minnesota.*

(e) *Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.*

Debt Ratios

	G.O. Direct Debt	G.O. Direct & Overlapping Debt
To 2018/19 Estimated Market Value ($9,966,964,100)	1.85%	3.75%
Per Capita - (107,642 - 2017 U.S. Census Bureau Estimate)	$1,713	$3,474

DISTRICT TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a City of Robbinsdale Resident in I.S.D No. 281 (Robbinsdale Area Schools)

					2018/19	
	2014/15	2015/16	2016/17	2017/18	Total	For Debt Only
Hennepin County	46.398%	45.356%	44.087%	42.808%	41.861%	4.579%
City of Robbinsdale	51.134	53.785	50.574	50.346	50.807	6.103
I.S.D. No. 281 (Robbinsdale Area Schools)	33.226	33.833	31.612	31.957	29.909	16.112
Special Districts*	9.785	9.530	9.319	8.973	8.550	2.219
Total	140.543%	142.504%	135.592%	134.084%	131.127%	29.013%

* *Special Districts include Metropolitan Council, Metropolitan Transit District, Metropolitan Mosquito Control, Hennepin County Regional Rail Authority, Hennepin County Housing and Redevelopment Authority, Three Rivers Park District, and Hennepin Park Museum.*

Tax Capacity Rates

	2014/15	2015/16	2016/17	2017/18	2018/19
I.S.D. No. 281 (Robbinsdale Area Schools)	33.226%	33.833%	31.612%	31.957%	29.909%
Hennepin County	46.398%	45.356%	44.087%	42.808%	41.861%
City of Brooklyn Center	71.256%	73.292%	71.904%	68.432%	71.860%
City of Brooklyn Park	57.494%	56.690%	55.207%	52.373%	52.695%
City of Crystal	50.498%	53.207%	50.360%	50.416%	48.771%
City of Golden Valley	54.626%	54.452%	56.109%	55.152%	53.780%
City of New Hope	55.978%	57.405%	59.931%	58.589%	67.990%
City of Plymouth	28.374%	27.838%	26.959%	26.804%	26.355%
City of Robbinsdale	51.134%	53.785%	50.574%	50.346%	50.807%
Hennepin County Regional Rail Authority	1.817%	1.879%	1.925%	1.962%	17.807%
Hennepin HRA	0.471%	0.139%	0.497%	0.457%	0.535%
Metro Mosquito	0.507%	0.483%	0.475%	0.456%	0.427%
Metropolitan Council	0.976%	0.925%	0.883%	0.844%	0.659%
Metropolitan Transit	1.523%	1.491%	1.463%	1.383%	1.456%
Park Museum	0.702%	0.712%	0.711%	0.710%	0.705%
Three Rivers Park District	3.789%	3.601%	3.365%	3.161%	2.961%
Referendum Market Value Rates:					
I.S.D. No. 281 (Robbinsdale Area Schools)	0.28484%	0.28216%	0.24959%	0.23433%	0.26683%
City of Brooklyn Park	0.02589%	0.02399%	0.02464%	0.01584%	0.01110%
City of Crystal	0.01460%	0.01422%	0.01315%	0.00000%	0.00000%
City of Plymouth	0.00698%	0.00531%	0.00499%	0.00475%	0.00219%

NOTE: These tables includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix III.

Tax Levies and Collections

Levy/Collect	Net Levy[a]	Collected During Collection Year Amount	Collected During Collection Year Percent	Collected and/or Abated as of 6-1-19 Amount	Collected and/or Abated as of 6-1-19 Percent
2018/19	$64,983,933[b]	(In Process of Collection)			
2017/18	59,724,623	$59,454,309	99.5%	$59,454,308	99.5%
2016/17	57,506,296	57,322,386	99.7	57,444,284	99.9
2015/16	58,163,218	57,875,506	99.5	58,089,316	99.9
2014/15	56,710,144	56,323,704	99.3	56,658,698	99.9

(a) The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix III.

(b) Original gross tax levy amount provided by Hennepin County.

FUNDS ON HAND
As of August 31, 2019

Fund	Cash and Investments
General	$ 8,473,101
Food Service	1,067,796
Community Services	3,976,299
Debt Service	10,784,472
Building/Construction	(1,956,289)*
Trust and Agency	719,439
Internal Service	3,008,735
OPEB	18,779,955
Total	$44,853,508

* *The negative balance in this fund is due to payments to architects and engineers for District projects, and the District intends to reimburse itself from proceeds of a future general obligation facilities maintenance bond issue.*

INVESTMENTS

District investments are made in accordance with Minnesota Statute 118A. As of August 31, 2019, the District has investments totaling $14,000,000, with $10,000,000 of the District's funds invested in money market funds, $2,000,000 invested in mutual funds, and $2,000,000 invested in Certificates of Deposit.

GENERAL INFORMATION CONCERNING THE DISTRICT

The District is situated wholly within Hennepin County located approximately seven miles northwest of the City of Minneapolis downtown area, and encompasses an area of approximately 32 square miles (20,480 acres). The District includes all or parts of the cities of Robbinsdale, New Hope, Golden Valley, Crystal, Brooklyn Center, Brooklyn Park, and Plymouth. The District's 2017 population was estimated by the U.S. Census Bureau to be 107,642 (most recent information available).

School Board and Administration

The District's governing and policy-setting body is the School Board, comprised of seven members. Board members are elected at large to serve overlapping four-year terms of office. Current Board members are listed below.

		Expiration of Term
John Vento	Chair	January 2021
Michael J. Herring	Vice Chair	January 2023
Pam Lindberg	Clerk	January 2023
Helen Bassett	Treasurer	January 2021
Sherry Tyrrell	Member	January 2021
Sam Sant	Member	January 2023
David Boone	Member	January 2023

Dr. Carlton Jenkins is the Superintendent and is responsible for the daily administration of Board policy. The Superintendent is hired by the Board and serves at its discretion. Dr. Jenkins has been the District's Superintendent since August 2015. Previously, Dr. Jenkins served as the chief academic officer for the Atlanta, Georgia public school system and superintendent of Saginaw Public Schools in Michigan. Mr. Greg Hein has served as the District's Executive Director of Finance since July 9, 2018.

Enrollment

Following is the trend of enrollments for the past five years:

School	Grades		Total K-12
Year	K-6	7-12	Enrollment
2019/20	6,321	5,785	12,106
2018/19	6,583	5,697	12,280
2017/18	6,279	5,732	12,011
2016/17	6,551	5,774	12,325
2015/16	6,672	5,825	12,497

Source: Minnesota Department of Education, www.education.state.mn.us.

Employment

Following is the District's employment trend for the past five years:

School Year	Licensed Employees	Unlicensed Employees	Total Employees
2019/20	1,029	966	1,995
2018/19	1,043	965	2,008
2017/18	1,060	969	2,029
2016/17	1,058	949	2,007
2015/16	1,053	940	1,993

Labor Contracts

Pursuant to State law, all school districts in the State negotiate teacher contracts every two years. The status of labor contracts in the District is as follows:

Bargaining Unit	No. of Employees	Expiration Date of Current Contract
SEIU - Local 284 - Custodian/Transportation	70	June 30, 2020
Local 872 - Education Assistants	151	June 30, 2019*
AFSCME Local 499 - Office Employees	86	June 30, 2019*
SEIU - Local 284 - Child Nutrition	80	June 30, 2019*
The Principals Association	27	June 30, 2019*
Local 872 – Teachers	863	June 30, 2019*
Subtotal	1,277	
Non-unionized employees	718	
Total employees	1,995	

* *In negotiations.*

Physical Plant

Facility	Grades Housed	Year Built	Year(s) of Major Additions	Estimated Student Capacity	2019/20 Enrollment
Cooper	9-12	1964	2000	1,959	1,767
Armstrong	9-12	1970	1997	2,191	1,955
Plymouth	6-8	1968	1990	1,444	950
Robbinsdale	6-8	1956	1976	1,794	869
Forest	K-5	2005	--	576	518
Lakeview	K-5	1964	--	504	385
Meadow Lake	K-5	1961	1965	816	527
Neill	K-5	1957	1968, 2000	720	396
Noble	K-5	1954	1956, 2000	504	322
Northport	K-5	1956	1957, 1984	744	516
Sandburg	6-8	1959	1966, 1999	1,400	658
Sonnesyn	K-5	1962	1968	768	430
RSIS	K-5	1960	1965	744	758
FAIR Crystal	5-8	1999	-	450	307
SEA at Olson	K-5	1971	2017	440	
Zachary Lane	K-5	1969	1993	648	520
Multi-Purpose Facilities					
Highview	--	1968	--	44	55
New Hope	Various	1960	--	559	609
Transportation	--	1966	--	--	--
Administration	--	1968	--	--	--
FAIR-Pilgrim Lane	K-4/Comm Ed	1966	--	552	330

Student Transportation

A total of 80 bus routes are operated, with 65% of the student population transported by bus.

Budget Summary

Fund	June 30, 2019 Estimated Fund Balance	2019-20 Projected Revenues and Transfers In	2019-20 Projected Expenditures and Transfers Out	June 30, 2020 Projected Fund Balance
General	$ 2,255,000	$180,000,000	$179,000,000	$ 3,255,000
Food Service	900,000	8,100,000	8,100,000	900,000
Community Service	1,400,000	9,700,000	9,700,000	1,400,000
Building Construction	5,000,000	15,000,000	20,000,000	0
Debt Service	2,005,000	21,000,000	21,000,000	2,005,000
OPEB	18,200,000	600,000	600,000	18,200,000
Total All Funds	$29,760,000	$234,400,000	$238,400,000	$25,760,000

Major General Fund Revenue Sources

Revenue	2014	2015	2016	2017	2018
State Sources	$116,100,791	$113,198,886	$120,553,847	$119,496,936	$121,946,342
Property Taxes	18,272,948	31,906,847	35,915,801	37,616,397	35,734,126
Federal Sources	6,289,946	5,730,356	6,117,745	5,443,473	5,641,713
Other	4,762,441	4,944,024	3,601,431	3,305,339	3,519,274
Earnings on Investments	12,186	9,135	46,605	93,336	199,551

Sources: District's Comprehensive Annual Financial Reports ("CAFR").

Post-Secondary and Nonpublic Education

Non-Public Education

Non-public schools located within the District include:

School	Location	Grades	2018/19* Enrollment
King of Grace Lutheran School	City of Golden Valley	K-8	169
Sacred Heart Catholic School	City of Robbinsdale	K-8	157
RiverTree School	City of Crystal	K-12	139
St. Raphael Catholic School	City of Crystal	K-8	128
Holy Trinity Lutheran School	City of New Hope	K-8	60

* *2019/20 enrollment figures are not yet available.*

Source: Minnesota Department of Education, www.education.state.mn.us.

Post-Secondary Education

District residents have access to various colleges and universities located throughout the Minneapolis/Saint Paul metropolitan area.

Employee Pensions

All teachers of the District are covered by the Teachers Retirement Association ("TRA"). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

All other full-time and certain part-time employees are covered by the Public Employees Retirement Association ("PERA"). PERA administers the General Employees Retirement Fund ("GERF"), which is a cost-sharing, multiple-employer retirement plan. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

The District's contributions to the TRA and the GERF for the past five years are as follows:

	TRA	GERF
2018	$5,927,137	$2,186,897
2017	5,812,034	2,144,453
2016	5,658,083	2,095,274
2015	5,307,332	1,900,180
2014	4,619,328	1,794,400

Both TRA and PERA are managed by the State of Minnesota; the District, therefore, has no responsibility for the administration of either program.

For more information regarding the liability of the District with respect to its employees, please reference "Note 6 – Defined Benefit Pension Plans – State-Wide" and "Required Supplementary Information" of the District's CAFR for fiscal year ended June 30, 2018, an excerpt of which is included as Appendix IV of this Official Statement. (The District's CAFR for the fiscal year ended June 30, 2019 is not yet available.)

GASB 68

Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, revised existing standards for measuring and reporting pension liabilities for pension plans provided to District employees and require recognition of a liability equal to the District's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The District's proportionate shares of the pension costs and the District's net pension liability for GERF and TRA for the past four years are as follows:

	GERF		TRA	
	Proportionate Share of Pension Costs	Net Pension Liability	Proportionate Share of Pension Costs	Net Pension Liability
2018	0.4442%	$28,357,435	1.4426%	$287,969,129
2017	0.4506	36,586,485	1.4503	345,931,154
2016	0.4383	22,714,981	1.3943	86,251,245
2015	0.4714	22,144,010	1.4456	66,612,207

For more information regarding GASB 68 with respect to the District, please reference "Note 6 – Defined Benefit Pension Plans – State-Wide" and "Required Supplementary Information" of the District's CAFR for fiscal year ended June 30, 2018, an excerpt of which is included as Appendix IV of this Official Statement. (The District's CAFR for the fiscal year ended June 30, 2019 is not yet available.)

Additional and detailed information about GERF's net position is available in a separately-issued PERA financial report, which may be obtained at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026. Additional and detailed information about TRA's net position is available in a separately-issued TRA financial report, which may be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive, Suite 400, Saint Paul, Minnesota, 55103-2088; or by calling 1-800-657-3669.

Sources: District's CAFRs.

Other Postemployment Benefits

Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, and GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions established new accounting and financial reporting requirements related to post-employment healthcare and other non-pension benefits (referred to as Other Post Employment Benefits or "OPEB"). These statements included major changes in how plans and employers account for OPEB benefit obligations. These statements establish standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

The Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios are as follows:

	FY 2018	FY 2017
Total OPEB liability		
Service cost	$ 395,745	$ 374,192
Interest	559,636	551,130
Changes of assumptions	(15,942)	0
Benefit payments	(583,727)	(1,014,169)
Net change in total OPEB liability	355,712	(88,847)
Total OPEB liability – beginning of year	9,628,912	9,717,759
Total OPEB liability – end of year	9,984,624	9,628,912
Plan fiduciary net position		
Contributions – paid from governmental funds	0	28,001
Net investment income	823,399	1,039,704
Benefit payments – paid from governmental funds	0	(28,001)
Benefit payments – paid from trust	(583,727)	(986,168)
Administrative expense	(86,547)	(7,007)
Net change in plan fiduciary net position	153,125	46,529
Plan fiduciary net position – beginning of year	18,100,972	18,054,443
Plan fiduciary net position – end of year	18,254,097	18,100,972
Net OPEB Liability (asset)	(8,269,473)	(8,472,060)
Plan fiduciary net position as a percentage of the total OPEB liability	182.82%	187.99%
Covered-employee payroll	$115,803,161	$115,661,449
Net OPEB liability as a percentage of covered-employee payroll	(7.14%)	(7.32%)

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

For more information regarding GASB 74 and GASB 75 with respect to the District, please reference "Note 1 – Summary of Significant Accounting Policies – W. Change in Accounting Principle" "Note 8 – Other Post-Employment Benefits (OPEB) Plan" and "Required Supplementary Information" of the District's CAFR for fiscal year ended June 30, 2018, an excerpt of which is included as Appendix IV of this Official Statement. (The District's CAFR for the fiscal year ended June 30, 2019 is not yet available.)

Source: District's 2018 CAFR.

AREA ECONOMY

Labor Force Data

	Annual Average				August
	2015	2016	2017	2018	2019
Labor Force:					
Hennepin County	676,722	687,472	698,548	703,310	722,855
Minneapolis/Saint Paul/ Bloomington MSA	1,916,011	1,938,642	1,979,780	2,016,208	2,041,411
State of Minnesota	2,997,748	3,033,406	3,057,014	3,070,223	3,130,214
Unemployment Rate:					
Hennepin County	3.3%	3.3%	3.0%	2.5%	3.2%
Minneapolis/Saint Paul/ Bloomington MSA	3.5	3.6	3.3	2.7	2.9
State of Minnesota	3.7	3.9	3.4	2.9	3.0

Source: Minnesota Department of Employment and Economic Development, https://apps.deed.state.mn.us/lmi/laus. 2019 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

Hennepin County

Data Year/ Report Year	Total Retail Sales ($000)	Total EBI ($000)	Median Household EBI
2018/19	$35,994,743	$46,545,290	$63,176
2017/18	32,491,357	43,417,598	60,957
2016/17	33,502,543	40,956,758	57,190
2015/16	26,004,909	38,495,033	55,756
2014/15	21,713,206	36,578,500	52,644

The 2018/19 Median Household EBI for the State of Minnesota was $58,777. The 2018/19 Median Household EBI for the United States was $52,468.

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

Major Employers

Residents of the District are employed throughout the Minneapolis/Saint Paul metropolitan area. Some major employers in close proximity to the District are listed below.

Employer	Product/Service	Approximate Number of Employees
North Memorial Medical Center	Health care/hospital	4,300
Honeywell	Technology	2,000
Independent School District No. 281 (Robbinsdale Area Schools)	Public education	1,995
United Healthcare	Health insurance provider	1,000
Metro Building Companies	Construction services	1,000
North Ridge Care Center	Nursing home	720
St. Therese of New Hope	Assisted living	620
All Around Taxi	Transportation	620
US Food Service	Food distribution	550
Courage Center	Rehabilitation services	400

Source: The District and page 118 of the District's 2018 CAFR. This does not purport to be a comprehensive list.

Financial Institutions*

District residents are served by branch offices of BMO Harris Bank National Association; BNC National Bank; Citizens Independent Bank; TCF National Bank; and U.S. Bank National Association

* *This does not purport to be a comprehensive list.*

Source: Federal Deposit Insurance Corporation, https://www.fdic.gov/.

Health Care Services

The following is a summary of health care facilities located in and near the District:

Facility	Location	No. of Beds
North Memorial Medical Center	City of Robbinsdale	518 Hospital/42 Infant Bassinets
North Ridge Heath and Rehab	City of New Hope	320 Nursing Home
St. Therese Home	City of New Hope	258 Nursing Home
Centennial Gardens	City of Crystal	115 Nursing Home
Maranatha Care Center	City of Brooklyn Center	97 Nursing Home
Good Samaritan Specialty Care	Nursing Home	96 Nursing Home
Mission Nursing Home	City of Plymouth	90 Nursing Home
Good Samaritan Society Ambassador	City of New Hope	77 Nursing Home
Robbinsdale A Village Center	City of Robbinsdale	75 Nursing Home
Saint Therese at Oxbow Lake	City of Brooklyn Park	64 Nursing Home
Interlude	City of Plymouth	50 Nursing Home
The Birches at Trillium Woods	City of Plymouth	44 Nursing Home
St. Therese TC North LLC*	City of Robbinsdale	32 Nursing Home

* *Located within North Memorial Medical Center.*

Source: Minnesota Department of Health, http://www.health.state.mn.us/.

PROPOSED FORM OF LEGAL OPINION

KNUTSON, FLYNN & DEANS, P.A.
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Mendota Heights, MN 55120
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$11,425,000*
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019A
INDEPENDENT SCHOOL DISTRICT NO. 281
(ROBBINSDALE AREA SCHOOLS)
HENNEPIN COUNTY, MINNESOTA

We have acted as Bond Counsel in connection with the issuance by Independent School District No. 281 (Robbinsdale Area Schools), Hennepin County, Minnesota (the "District"), of its General Obligation Refunding Bonds, Series 2019A (the "Bonds"), in the aggregate principal amount of $11,425,000*, bearing a date of original issue of November 21, 2019. The Bonds are fully registered as to principal and interest and are originally issued using a global book-entry system.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

We have examined the law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other affidavits and certificates of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based upon our examination of these materials, assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and based upon present Minnesota and federal laws, regulations, rulings and decisions, it is our opinion that:

(1) The Bonds are in due form and the proceedings show lawful authority for their issuance according to their terms under the Constitution and laws of the State of Minnesota now in force.

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* *Preliminary; subject to change.*

(2) The Bonds are valid and binding general obligations of the District enforceable in accordance with their terms except to the extent to which enforceability thereof may be limited by the exercise of judicial discretion in accordance with general principles of equity, by the constitutional powers of the United States of America and by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted. All of the taxable property in the District is subject to the levy of ad valorem taxes to pay the principal and interest on the Bonds, which taxes are without limitation as to rate or amount.

(3) Interest on the Bonds is not includable in gross income for federal income tax purposes or in taxable net income of individuals, estates or trusts for Minnesota income tax purposes. Interest on the Bonds is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax measured by income. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals and other taxpayers under Section 55 of the Internal Revenue Code of 1986, as amended, (the "Code") or for purposes of the Minnesota alternative minimum tax applicable to individuals, trusts and estates Interest on the Bonds is not includable in adjusted current earnings of corporations for purposes of the Minnesota alternative minimum tax and federal alternative minimum tax applicable to corporations.

(4) The opinion set forth in paragraph (3) above is subject to the condition that the District comply with all the requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and state income tax purposes. The District has covenanted in the resolution authorizing the issuance of the Bonds to comply with these continuing requirements. Noncompliance with these covenants by the District following the issuance of the Bonds may result in inclusion of interest on the Bonds in federal gross income and Minnesota taxable net income for federal and Minnesota income tax purposes retroactive to the date of issuance of the Bonds. Except as stated in this opinion, we express no opinion regarding federal, state or other tax consequences caused by the receipt or accrual of interest on or arising with respect to ownership of the Bonds.

(5) The Bonds have not been designated as "qualified tax-exempt obligations" for the purposes of Section 265 of the Code relating to the deduction of interest expenses allocable to the Bonds by financial institutions.

DATED at Mendota Heights, Minnesota, this 21st day of November, 2019.

KNUTSON, FLYNN & DEANS
Professional Association

CONTINUING DISCLOSURE CERTIFICATE

(Full Disclosure)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 281 (Robbinsdale Area Schools), State of Minnesota (the "District"), in connection with the issuance of its General Obligation Refunding Bonds, Series 2019A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the School Board on October 22, 2019 (the "Resolution"). The District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55 (the "State Payment Law" described in the Official Statement for the Bonds) which provides for payment by the State of Minnesota in the event of a potential default of a District obligation. The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders or beneficial owners, if different, and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5). This Disclosure Certificate constitutes the written Undertaking required by the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" shall mean the District's financial statements which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) or as otherwise required by Minnesota law for the preceding Fiscal Year, including a balance sheet and statement of revenues, expenditures and changes in fund balances, which the District intends to continue to prepare in substantially the same form.

"Dissemination Agent" shall mean the District, or any successor Dissemination Agent which has been designated in writing by the District and which has filed with the District a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system: www.emma.msrb.org, established by the MSRB and which contains a component that includes a continuing disclosure service for the receipt and public availability of continuing disclosure documents and related information to be submitted by issuers, obligated persons, and their agents pursuant to continuing disclosure undertakings entered into consistent with the Rule.

“Financial Obligation” shall mean a: (i) debt obligation; (ii) derivative entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) 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 Municipal Securities Rulemaking Board consistent with this Rule.

"Fiscal Year" shall mean the fiscal year of the District.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) The District shall provide, or shall cause the Dissemination Agent to provide, not later than June 30, 2020, and twelve (12) months after the end of each Fiscal Year during which the Bonds are outstanding, to the MSRB, in an electronic format through the use of EMMA, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. If audited financial statements are not available by the date specified above, the District shall submit unaudited financial statements by that date to the MSRB and will submit the audited financial statements as soon as they are available.

(b) If the District is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a) above, the District shall send a timely notice to the MSRB in the format prescribed by the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the required method of submission to the MSRB and (if the Dissemination Agent is other than the District)

(ii) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

1. An annual Audited Financial Statement.

2. Updates of the operating and financial data included in the Official Statement under headings substantially similar to the following or containing financial information directly relating to the following: "District Property Values", "Direct Indebtedness", and "District Tax Rates, Levies and Collections."

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must also be available from the Municipal Securities Rulemaking Board (MSRB). The District shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events, with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

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

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

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

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever a Listed Event occurs, the District shall in a timely manner not in excess of ten business days after the occurrence of the Listed Event file a notice of such occurrence with the MSRB.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, including but not limited to its duties under Sections 3 and 5 hereof, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

If this Disclosure Certificate is amended, the District will disclose such amendment, together with a narrative explanation of that amendment, to the MSRB with its annual financial information disclosure.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder or beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders from time to time of the Bonds or the beneficial owners, if different, and shall create no rights in any other person or entity.

SECTION 13. Reserved Rights. The District reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or to modify the Undertaking under this Disclosure Certificate if the District determines that such modification is required by the Rule, or by a court of competent jurisdiction

SECTION 14. District Contact Information.

Title:	Superintendent
Name of District:	Independent School District No. 281
Address:	4148 Winneka Avenue N.
Telephone No.	(763) 504-8000

This 21st day of November, 2019

INDEPENDENT SCHOOL DISTRICT NO. 281
(ROBBINSDALE AREA SCHOOLS)
HENNEPIN COUNTY
STATE OF MINNESOTA

By: ______________________________________
Chair

And: _____________________________________
Clerk

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to $413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the District's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Chapter 273, Minnesota Statutes)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter’s property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter’s property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Debt Limitations

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory “net debt” limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.
7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Levies for General Obligation Debt
(Sections 475.61 and 475.74, Minnesota Statutes)

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

Metropolitan Revenue Distribution (Chapter 473F, Minnesota Statutes)
"Fiscal Disparities Law"

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as "Fiscal Disparities," was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/Saint Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS

Property Type	**Local Tax Payable 2015-2019**
Residential Homestead (1a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Residential Non-homestead	
Single Unit (4bb)	
Up to $500,000	1.00%
Over $500,000	1.25%
1-3 unit and undeveloped land (4b1)	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
Up to $139,000[c]	0.75%
Over $139,000[c]	0.25%
Commercial/Industrial/Public Utility (3a)	
Up to $150,000	1.50%[a]
Over $150,000	2.00%[a]
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
Up to $600,000	0.50%
$600,000 - $2,300,000	1.00%
Over $2,300,000	1.25%[a]
Seasonal Resorts (4c)	
Up to $500,000	1.00%[a]
Over $500,000	1.25%[a]
Non-Commercial (4c12)	
Up to $500,000	1.00%[a][b]
Over $500,000	1.25%[a][b]
Disabled Homestead (1b)	
Up to $50,000	0.45%
Agricultural Land & Buildings	
Homestead (2a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Remainder of Farm	
Up to $1,900,000[d]	0.50%[b]
Over $1,900,000[d]	1.00%[b]
Non-homestead (2b)	1.00%[b]

[a] *State tax is applicable to these classifications.*

[b] *Exempt from referendum market value based taxes.*

[c] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $121,000; Payable 2017 - $115,000; Payable 2016 - $106,000; and Payable 2015 - $100,000.*

[d] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $1,940,000; Payable 2017 - $2,050,000; Payable 2016 - $2,140,000; and Payable 2015 - $1,900,000.*

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First $76,000 – 0.40%; $76,000 to $500,000 – 1.00%; and over $500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

EXCERPT OF 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Data on the following pages was extracted from the District's Comprehensive Annual Financial Report ("CAFR") for fiscal year ended June 30, 2018. (The District's CAFR for fiscal year ended June 30, 2019 is not yet available.) The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Excellence, a district must publish an easily readable and efficiently organized CAFR. The District's CAFR satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. The District has submitted its CAFR for the 2018 fiscal year to the ASBO to determine its eligibility for another certificate.

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 281
New Hope, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 281, Robbinsdale Area Schools (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

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

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

Prior Year Comparative Information

We have previously audited the District's 2017 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated January 9, 2018. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
January 7, 2019

INDEPENDENT SCHOOL DISTRICT NO. 281

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

This section of Independent School District No. 281, Robbinsdale Area Schools' (the District) Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the other components of the District's CAFR.

FINANCIAL HIGHLIGHTS

- The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2018 by $71.0 million (deficit net position).

- Government-wide revenues totaled $206.0 million and expenses were $259.1 million. As a result, the District's total net position decreased by $53.1 million during the fiscal year ended June 30, 2018.

- The General Fund's total fund balance decreased $8.6 million from the prior year, compared to a $4.6 million decrease approved in the final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary of Net Position
as of June 30, 2018 and 2017

	2018	2017
Assets		
Current and other assets	$ 103,613,326	$ 112,847,826
Capital assets, net of depreciation	305,733,999	301,821,497
Total assets	$ 409,347,325	$ 414,669,323
Deferred outflows of resources		
Pension plan deferments	$ 175,740,542	$ 238,868,090
OPEB plan deferments	236,294	–
Deferred charges on refundings	507,852	554,020
Total deferred outflows of resources	$ 176,484,688	$ 239,422,110
Liabilities		
Current and other liabilities	$ 18,302,443	$ 17,921,408
Long-term liabilities, including due within one year	529,339,521	596,237,780
Total liabilities	$ 547,641,964	$ 614,159,188
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 56,227,361	$ 53,992,071
OPEB plan deferments	14,066	1,412
Pension plan deferments	52,919,304	3,855,774
Total deferred inflows of resources	$ 109,160,731	$ 57,849,257
Net position		
Net investment in capital assets	$ 117,654,573	$ 115,303,157
Restricted	11,038,463	9,768,518
Unrestricted	(199,663,718)	(142,988,687)
Total net position	$ (70,970,682)	$ (17,917,012)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as depreciation estimates and capitalization policies. Unfunded long-term liabilities for compensated absences, severance, and pensions cause many Minnesota school districts to report a deficit in unrestricted net position.

Much of the decrease in unrestricted net position, as well as the changes in long-term liabilities and deferred outflows/inflows of resources, can be attributed to changes in the District's share of unfunded pension liabilities related to the state-wide Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans.

Table 2 presents a condensed version of the Change in Net Position of the District:

Table 2
Change in Net Position
for the Years Ended June 30, 2018 and 2017

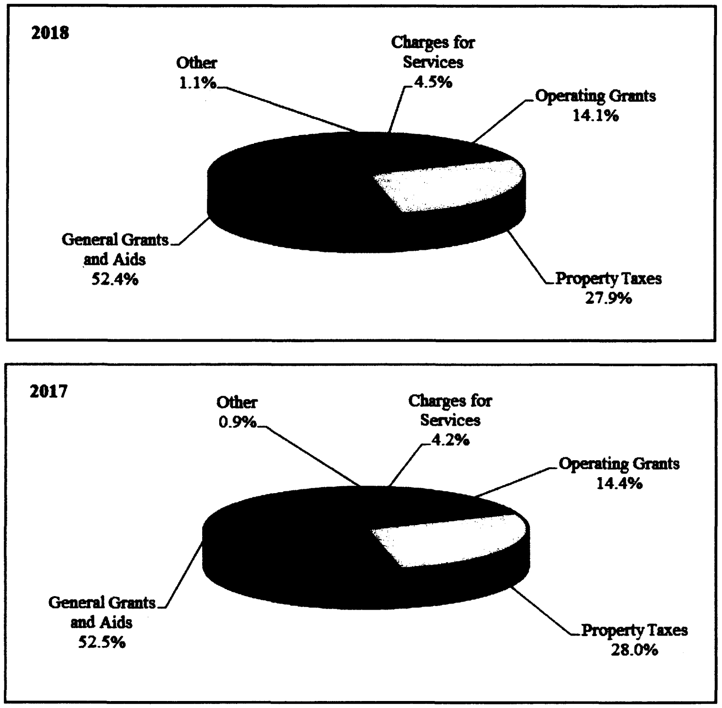
	2018	2017
Revenues		
Program revenues		
Charges for services	$ 9,212,488	$ 8,783,817
Operating grants and contributions	29,103,055	29,846,808
General revenues		
Property taxes	57,592,850	58,106,547
General grants and aids	107,954,995	109,188,461
Other	2,210,206	1,890,603
Total revenues	206,073,594	207,816,236
Expenses		
Administration	7,721,781	7,886,010
District support services	7,836,267	8,291,512
Elementary and secondary regular instruction	106,754,453	115,652,948
Vocational education instruction	1,986,611	2,284,209
Special education instruction	39,746,365	36,782,980
Instructional support services	19,570,243	17,235,990
Pupil support services	19,034,575	17,528,400
Sites and buildings	30,324,113	34,887,431
Fiscal and other fixed cost programs	521,264	557,141
Food service	8,020,908	8,429,759
Community service	11,745,783	11,033,134
Interest and fiscal charges	5,864,901	6,758,127
Total expenses	259,127,264	267,327,641
Change in net position	(53,053,670)	(59,511,405)
Net position – beginning	(17,917,012)	41,594,393
Net position – ending	$ (70,970,682)	$ (17,917,012)

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

Revenue decreased slightly from the prior year, mostly in general grants and aids, due to declining enrollment. Revenues from operating grants and contributions and property taxes also contributed to the decrease from the prior year. The decrease in expenses, mainly in elementary and secondary regular instruction, was due to a reduction in staffing levels combined with turnover in staffing.

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

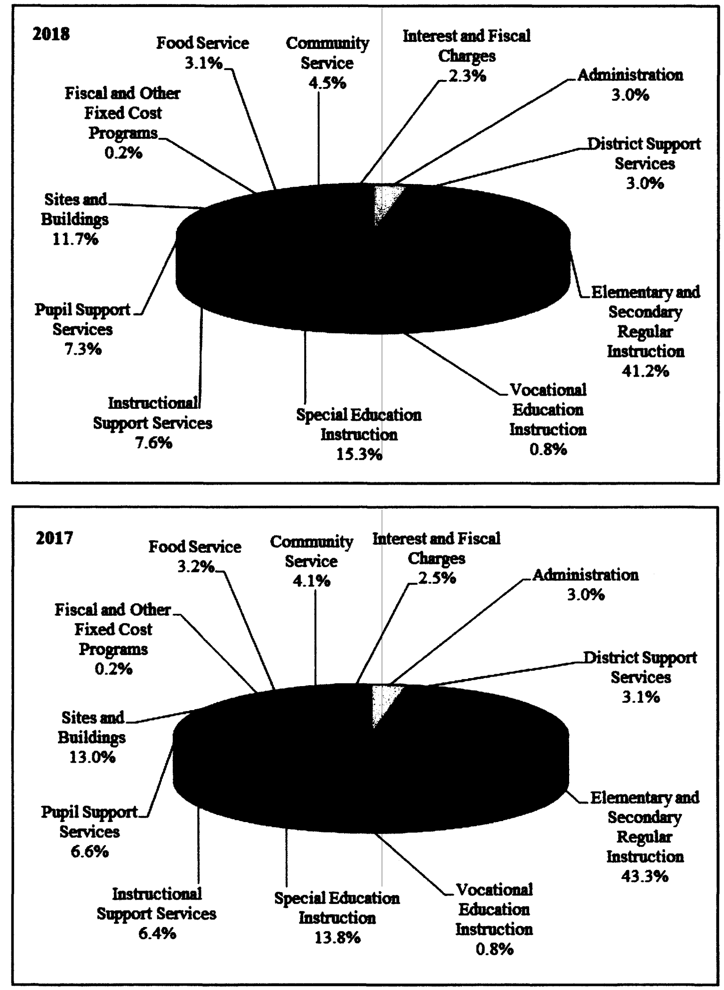
Figure A – Sources of Revenues for Fiscal Years 2018 and 2017



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

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

Figure B – Expenses for Fiscal Years 2018 and 2017



The District's expenses prioritize the delivery of instruction to students. Programs (or functions) such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services, are directly related to classroom instruction. Other expenditures are either auxiliary to instruction or related to the operational needs necessary to sustain the learning environment.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Table 3
Governmental Fund Balances
as of June 30, 2018 and 2017

	2018	2017	Increase (Decrease)	Percent Change
Major funds				
General	$ 4,979,913	$ 13,559,750	$ (8,579,837)	(63.3%)
Capital Projects – Building Construction	12,386,151	12,695,833	(309,682)	(2.4%)
Debt Service	2,427,803	2,305,311	122,492	5.3%
Nonmajor funds				
Food Service Special Revenue	985,010	1,226,256	(241,246)	(19.7%)
Community Service Special Revenue	1,432,346	1,760,375	(328,029)	(18.6%)
Total governmental funds	$ 22,211,223	$ 31,547,525	$ (9,336,302)	(29.6%)

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through Grade 12, including pupil transportation activities and capital outlay projects.

Approximately 73 percent of General Fund operational revenue is controlled by a complex set of state funding formulas, as such, the local School Board has minimal authority in the establishment of the level of resources. Special education funding is also included in state aid. This funding source is based in part on the identified needs of the special education student population and the related expenditures. Other state formulas further determine the portion of revenue provided through property taxes versus state aid. Expenditures exceeded both the prior year and budget in salaries and benefits, due mostly to increased staffing needs in special education instruction, instructional support services, and pupil support services.

Capital Projects – Building Construction Fund

Capital Projects – Building Construction Fund expenditures exceeded revenues and other financing sources by $309,682. The District issued $14.2 million of Series 2018A General Obligation Facilities Maintenance Bonds to fund various deferred maintenance projects included in the 10-year facility plan of the District. Of the $12,386,151 fund balance at June 30, 2018, $10,985,938 is restricted for these long-term facilities maintenance projects.

Debt Service Fund

Revenues exceeded expenditures by $122,492 in the Debt Service Fund. The funding of debt service is controlled in accordance with each outstanding debt issue's financing plan. The ending fund balance for 2018 is approximately $2.4 million, and is available for meeting future debt service obligations.

Nonmajor Funds

Expenditures exceeded revenues and other financing sources in the District's two nonmajor funds by $569,275. The Food Service Special Revenue Fund had a decrease in fund balance of $241,246, ending the year with a fund balance of $985,010, compared to a budgeted increase of $8,793. The variance was caused by lower than anticipated revenues from meal sales and federal reimbursements, combined with unfavorable variances in personnel costs. The June 30, 2018 fund balance of the Community Service Special Revenue Fund was $1,432,346, a decrease of $328,029 from the prior year, compared to a budgeted decrease of $72,447. The variance was primarily due to additional staffing required to meet the needs of increased program participation.

Analysis of the General Fund

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Increase (Decrease)	Percent Change
Revenue	$ 174,100,192	$ 168,873,890	$ (5,226,302)	(3.0%)
Expenditures	$ 175,282,869	$ 173,494,791	$ (1,788,078)	(1.0%)

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

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

	2018 Actual	Over (Under) Final Budget Amount	Over (Under) Final Budget Percent	Over (Under) Prior Year Amount	Over (Under) Prior Year Percent
Revenue	$ 167,041,006	$ (1,832,884)	(1.1%)	$ 1,085,525	0.7%
Expenditures	175,620,843	$ 2,126,052	1.2%	$ 4,988,604	2.9%
Net change in fund balances	$ (8,579,837)				

Overall, General Fund balance decreased $8,579,837, as compared to a projected decrease of $4,620,901. The revenue variance was mainly the result of the District earning less state aid than anticipated. Unfavorable variances in personnel costs spread across various programs, and the timing of capital expenditures for maintenance projects contributed to the expenditure variance.

The increase in revenue from the previous year was primarily due to additional state aid from increases in the general education formula, compensatory aid, and special education funding. The increase in expenditures from the prior year was primarily caused by staffing increases, inflationary increases to employee benefits, and an increase in construction projects.

Unassigned fund balance in the General Fund (excluding deficit fund balance restrictions) is a deficit balance of $777,819 as of June 30, 2018.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2018 and 2017:

Table 6
Capital Assets

	2018	2017	Change
Land	$ 1,218,930	$ 1,218,930	$ –
Construction in progress	8,779,788	26,536,798	(17,757,010)
Land improvements	8,323,054	7,237,829	1,085,225
Buildings	443,827,475	407,514,342	36,313,133
Furniture and equipment	26,545,358	26,127,817	417,541
Less accumulated depreciation	(182,960,606)	(166,814,219)	(16,146,387)
Total	$ 305,733,999	$ 301,821,497	$ 3,912,502
Depreciation expense	$ 16,146,387	$ 15,380,662	$ 765,725

By the end of 2018, the District had net capital assets of $305.7 million, representing a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and other equipment for various instructional programs. Total depreciation expense for the year was $16.1 million, as compared to $15.4 million the previous year.

The District's 10-year facility plan under the Long-Term Facilities Maintenance Program, which involves performing deferred maintenance and renovation of the District's buildings, accounted for much of the asset additions for the year.

Long-Term Liabilities

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

Table 7
Outstanding Long-Term Liabilities

	2018	2017	Change	Percent Change
General obligation bonds	$ 187,945,000	$ 187,100,000	$ 845,000	0.5%
Certificates of participation	8,375,000	8,930,000	(555,000)	(6.2%)
Unamortized premiums (discounts)	9,394,298	9,819,204	(424,906)	(4.3%)
Capital leases	3,439,416	3,643,000	(203,584)	(5.6%)
Compensated absences payable	1,426,299	1,569,560	(143,261)	(9.1%)
Severance benefits payable	2,432,944	2,658,377	(225,433)	(8.5%)
Net pension liability	316,326,564	382,517,639	(66,191,075)	(17.3%)
Total	$ 529,339,521	$ 596,237,780	$ (66,898,259)	(11.2%)

At year-end, the District had $205.7 million in general obligation bonds and certificates of participation payable, including net premiums and discounts. The District issued $14.2 million in General Obligation Facilities Maintenance bonds during the year, offsetting the scheduled principal repayments during the year.

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

The District's bonds presently carry a Standard and Poor's long-term rating of "AAA/Stable" and a school-issuer credit rating of "A/Negative."

The state limits the amount of general obligation debt the District can issue to 15 percent of the market value of all taxable property within the District's corporate limits (see Table 8):

Table 8
Limitations on Debt

District's market value	$ 9,160,183,925
Limit rate	15%
Legal debt limit	$ 1,374,027,589

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The General Education Funding Program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added $124, or 2 percent, per pupil to the basic general education funding formula for fiscal year 2019.

The District ran and successfully passed a $515 per pupil unit operating referendum for a 10-year period beginning in fiscal 2020, which will provide an estimated $6.3 million of additional annual funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This CAFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this CAFR or need additional financial information, contact the Business Services Department, Independent School District No. 281, 4148 Winnetka Avenue North, New Hope, Minnesota 55427.

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Net Position
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	Governmental Activities	
	2018	2017
Assets		
Cash and temporary investments	$ 47,770,002	$ 50,768,009
Receivables		
Current taxes	28,629,907	28,664,636
Delinquent taxes	474,267	562,469
Accounts and interest	848,658	645,953
Due from other governmental units	16,468,306	15,714,123
Due from post-employment benefit trust	583,727	1,936,108
Inventory	305,422	309,042
Prepaid items	263,234	170,284
Restricted assets – temporarily restricted		
Cash and investments for capital projects	330	5,605,142
Net OPEB asset	8,269,473	8,472,060
Capital assets		
Not depreciated	9,998,718	27,755,728
Depreciated, net of accumulated depreciation	295,735,281	274,065,769
Total capital assets, net of accumulated depreciation	305,733,999	301,821,497
Total assets	409,347,325	414,669,323
Deferred outflows of resources		
Pension plan deferments	175,740,542	238,868,090
OPEB plan deferments	236,294	–
Deferred charges on refundings	507,852	554,020
Total deferred outflows of resources	176,484,688	239,422,110
Total assets and deferred outflows of resources	$ 585,832,013	$ 654,091,433
Liabilities		
Salaries payable	$ 1,246,508	$ 895,456
Accounts and contracts payable	11,711,912	8,205,716
Accrued interest payable	2,717,038	2,767,150
Due to other governmental units	542,638	819,067
Unearned revenue	2,084,347	5,234,019
Long-term liabilities		
Due within one year	17,225,866	15,883,144
Due in more than one year	512,113,655	580,354,636
Total long-term liabilities	529,339,521	596,237,780
Total liabilities	547,641,964	614,159,188
Deferred inflows of resources		
Property taxes levied for subsequent year	56,227,361	53,992,071
OPEB plan deferments	14,066	1,412
Pension plan deferments	52,919,304	3,855,774
Total deferred inflows of resources	109,160,731	57,849,257
Net position		
Net investment in capital assets	117,654,573	115,303,157
Restricted for		
Capital asset acquisition	7,641,098	6,253,759
Food service	1,215,571	1,447,293
Community service	1,618,576	1,903,618
Other purposes (state funding restrictions)	563,218	163,848
Unrestricted	(199,663,718)	(142,988,687)
Total net position	(70,970,682)	(17,917,012)
Total liabilities, deferred inflows of resources, and net position	$ 585,832,013	$ 654,091,433

See notes to basic financial statements

Statement of Activities
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

		2018			2017
		Program Revenues		Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities					
Administration	$ 7,721,781	$ 330	$ –	$ (7,721,451)	$ (7,885,385)
District support services	7,836,267	134,508	–	(7,701,759)	(8,146,388)
Elementary and secondary regular instruction	106,754,453	1,182,309	4,765,434	(100,806,710)	(108,523,308)
Vocational education instruction	1,986,611	–	62,971	(1,923,640)	(2,206,681)
Special education instruction	39,746,365	483,254	15,081,348	(24,181,763)	(22,542,972)
Instructional support services	19,570,243	1,503	174,498	(19,394,242)	(17,148,000)
Pupil support services	19,034,575	2,768	419,249	(18,612,558)	(16,508,126)
Sites and buildings	30,324,113	15,008	–	(30,309,105)	(34,773,810)
Fiscal and other fixed cost programs	521,264	–	–	(521,264)	(557,141)
Food service	8,020,908	2,101,585	5,662,678	(256,645)	(602,637)
Community service	11,745,783	5,291,223	2,936,877	(3,517,683)	(3,044,441)
Interest and fiscal charges	5,864,901	–	–	(5,864,901)	(6,758,127)
Total governmental activities	$ 259,127,264	$ 9,212,488	$ 29,103,055	(220,811,721)	(228,697,016)
General revenues					
Taxes					
Property taxes, for general purposes				35,777,957	37,576,196
Property taxes, for community service				1,841,325	1,729,633
Property taxes, for debt service				19,973,568	18,800,718
General grants and aids				107,954,995	109,188,461
Other general revenues				1,701,133	1,512,981
Investment earnings				509,073	377,622
Total general revenues and special item				167,758,051	169,185,611
Change in net position				(53,053,670)	(59,511,405)
Net position – beginning				(17,917,012)	41,594,393
Net position – ending				$ (70,970,682)	$ (17,917,012)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 281

Balance Sheet
Governmental Funds
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds 2018	Total Governmental Funds 2017
Assets						
Cash and temporary investments	$ 13,011,098	$ 14,353,557	$ 13,264,466	$ 2,791,413	$ 43,420,534	$ 45,051,916
Cash and investments held by trustee	–	330	–	–	330	5,605,142
Receivables						
Current taxes	17,630,970	–	10,016,042	982,895	28,629,907	28,664,636
Delinquent taxes	299,655	–	159,517	15,095	474,267	562,469
Accounts and interest	179,244	1,009	–	668,405	848,658	645,953
Due from other governmental units	15,056,755	–	89,105	1,322,446	16,468,306	15,714,123
Due from other funds	1,083,186	–	–	67,375	1,150,561	1,936,108
Inventory	232,567	–	–	72,855	305,422	309,042
Prepaid items	253,529	–	1,500	8,205	263,234	170,284
Total assets	$ 47,747,004	$ 14,354,896	$ 23,530,630	$ 5,928,689	$ 91,561,219	$ 98,659,673
Liabilities						
Salaries payable	$ 980,263	$ –	$ –	$ 266,245	$ 1,246,508	$ 895,456
Accounts and contracts payable	7,102,385	1,968,745	5,700	339,221	9,416,051	6,978,970
Due to other governmental units	536,406	–	–	6,232	542,638	819,067
Due to other funds	–	–	–	566,834	566,834	–
Unearned revenue	593,583	–	–	263,256	856,839	4,006,511
Total liabilities	9,212,637	1,968,745	5,700	1,441,788	12,628,870	12,700,004
Deferred inflows of resources						
Property taxes levied for subsequent year	33,242,117	–	20,931,220	2,054,024	56,227,361	53,992,071
Unavailable revenue – delinquent taxes	312,337	–	165,907	15,521	493,765	420,073
Total deferred inflows of resources	33,554,454	–	21,097,127	2,069,545	56,721,126	54,412,144
Fund balances (deficit)						
Nonspendable	486,096	–	1,500	81,060	568,656	479,326
Restricted	5,813,165	12,386,151	2,426,303	2,336,296	22,961,915	22,231,727
Assigned	–	–	–	–	–	873,292
Unassigned	(1,319,348)	–	–	–	(1,319,348)	7,963,180
Total fund balances	4,979,913	12,386,151	2,427,803	2,417,356	22,211,223	31,547,525
Total liabilities, deferred inflows of resources, and fund balances	$ 47,747,004	$ 14,354,896	$ 23,530,630	$ 5,928,689	$ 91,561,219	$ 98,659,673

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 281

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	2018	2017
Total fund balances – governmental funds	$ 22,211,223	$ 31,547,525
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	488,694,605	468,635,716
Accumulated depreciation	(182,960,606)	(166,814,219)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
General obligation bonds	(187,945,000)	(187,100,000)
Certificates of participation	(8,375,000)	(8,930,000)
Unamortized (premiums) discounts	(9,394,298)	(9,819,204)
Capital leases	(3,439,416)	(3,643,000)
Compensated absences payable	(1,426,299)	(1,569,560)
Severance benefits payable	(2,432,944)	(2,658,377)
Net pension liability	(316,326,564)	(382,517,639)
Net OPEB obligations reported in the Statement of Net Position do not require the use of current financial resources and are not reported as assets (liabilities) in governmental funds until actually due.	8,269,473	8,472,060
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(2,717,038)	(2,767,150)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	826,099	3,261,839
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	175,740,542	238,868,090
Deferred outflows – OPEB plan deferments	236,294	–
Deferred outflows – deferred charges on refundings	507,852	554,020
Deferred inflows – OPEB plan deferments	(14,066)	(1,412)
Deferred inflows – pension plan deferments	(52,919,304)	(3,855,774)
Deferred inflows – delinquent property taxes	493,765	420,073
Total net position – governmental activities	$ (70,970,682)	$ (17,917,012)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds 2018	Total Governmental Funds 2017
Revenue						
Local sources						
Property taxes	$ 35,734,126	$ –	$ 19,946,037	$ 1,838,995	$ 57,519,158	$ 58,167,629
Investment earnings	199,551	128,460	102,753	31,924	462,688	349,903
Other	3,519,274	1,489	–	7,392,808	10,913,571	10,296,798
State sources	121,946,342	–	916,247	3,113,889	125,976,478	123,539,976
Federal sources	5,641,713	–	–	5,485,666	11,127,379	11,099,637
Total revenue	167,041,006	129,949	20,965,037	17,863,282	205,999,274	203,453,943
Expenditures						
Current						
Administration	6,211,188	–	–	–	6,211,188	6,057,838
District support services	5,654,002	–	–	–	5,654,002	7,539,458
Elementary and secondary regular instruction	76,052,466	–	–	–	76,052,466	80,495,431
Vocational education instruction	1,386,757	–	–	–	1,386,757	1,505,730
Special education instruction	31,490,066	–	–	–	31,490,066	27,998,488
Instructional support services	15,458,739	–	–	–	15,458,739	13,890,413
Pupil support services	17,171,870	–	–	–	17,171,870	15,417,357
Sites and buildings	15,743,020	–	–	–	15,743,020	14,352,208
Fiscal and other fixed cost programs	521,264	–	–	–	521,264	557,141
Food service	–	–	–	7,461,961	7,461,961	7,434,021
Community service	–	–	–	10,366,492	10,366,492	9,529,583
Capital outlay	5,633,888	15,372,424	–	604,154	21,610,466	51,330,006
Debt service						
Principal	203,584	–	13,910,000	–	14,113,584	13,312,096
Interest and fiscal charges	93,999	191,756	6,932,545	–	7,218,300	8,148,233
Total expenditures	175,620,843	15,564,180	20,842,545	18,432,607	230,460,175	257,568,003
Excess (deficiency) of revenue over expenditures	(8,579,837)	(15,434,231)	122,492	(569,325)	(24,460,901)	(54,114,060)
Other financing sources (uses)						
Bonds and certificates of participation issued	–	14,200,000	–	–	14,200,000	9,535,000
Refunding bonds issued	–	–	–	–	–	12,170,000
Capital lease issued	–	–	–	–	–	3,643,000
Premiums on debt issued	–	924,549	–	–	924,549	1,476,967
Payment to refunded bond escrow agent	–	–	–	–	–	(21,309,077)
Sale of capital assets	–	–	–	50	50	–
Total other financing sources (uses)	–	15,124,549	–	50	15,124,599	5,515,890
Net change in fund balances	(8,579,837)	(309,682)	122,492	(569,275)	(9,336,302)	(48,598,170)
Fund balances						
Beginning of year	13,559,750	12,695,833	2,305,311	2,986,631	31,547,525	80,145,695
End of year	$ 4,979,913	$ 12,386,151	$ 2,427,803	$ 2,417,356	$ 22,211,223	$ 31,547,525

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 281

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	2018	2017
Total net change in fund balances – governmental funds	$ (9,336,302)	$ (48,598,170)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	20,058,889	43,952,333
Depreciation expense	(16,146,387)	(15,380,662)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds and certificates of participation	(14,200,000)	(21,705,000)
Capital leases	–	(3,643,000)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds and certificates of participation	13,910,000	34,005,000
Capital leases	203,584	142,096
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	143,261	(154,692)
Severance benefits payable	225,433	(80,006)
Net pension liability	66,191,075	(273,551,413)
Net OPEB obligations reported in the Statement of Activities do not require the use of current financial resources and are not reported until actually due.	(202,587)	135,376
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	50,112	218,440
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	424,906	(385,244)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	(2,435,740)	(310,833)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows – pension plan deferments	(63,127,548)	217,544,116
Deferred outflows – OPEB plan deferments	236,294	–
Deferred outflows – deferred charges on refundings	(46,168)	554,020
Deferred inflows – OPEB plan deferments	(12,654)	(1,412)
Deferred inflows – pension plan deferments	(49,063,530)	7,808,728
Deferred inflows – delinquent property taxes	73,692	(61,082)
Change in net position – governmental activities	$ (53,053,670)	$ (59,511,405)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 36,350,858	$ 35,468,365	$ 35,734,126	$ 265,761
Investment earnings	110,699	93,336	199,551	106,215
Other	3,420,887	3,048,233	3,519,274	471,041
State sources	127,812,485	123,336,844	121,946,342	(1,390,502)
Federal sources	6,405,263	6,927,112	5,641,713	(1,285,399)
Total revenue	174,100,192	168,873,890	167,041,006	(1,832,884)
Expenditures				
Current				
Administration	6,037,039	6,068,638	6,211,188	142,550
District support services	7,287,667	5,539,246	5,654,002	114,756
Elementary and secondary regular instruction	80,934,869	80,425,496	76,052,466	(4,373,030)
Vocational education instruction	1,587,556	1,589,084	1,386,757	(202,327)
Special education instruction	29,307,292	28,628,814	31,490,066	2,861,252
Instructional support services	13,670,228	14,501,368	15,458,739	957,371
Pupil support services	15,276,553	15,692,761	17,171,870	1,479,109
Sites and buildings	15,457,403	15,545,997	15,743,020	197,023
Fiscal and other fixed cost programs	659,998	561,186	521,264	(39,922)
Capital outlay	5,064,264	4,942,201	5,633,888	691,687
Debt service				
Principal	–	–	203,584	203,584
Interest and fiscal charges	–	–	93,999	93,999
Total expenditures	175,282,869	173,494,791	175,620,843	2,126,052
Net change in fund balances	$ (1,182,677)	$ (4,620,901)	(8,579,837)	$ (3,958,936)
Fund balances				
Beginning of year			13,559,750	
End of year			$ 4,979,913	

See notes to basic financial statements

Statement of Net Position
Internal Service Funds
as of June 30, 2018
(With Partial Comparative Information as of June 30, 2017)

	2018	2017
Assets		
Current assets		
Cash and temporary investments	$ 4,349,468	$ 5,716,093
Liabilities		
Current liabilities		
Claims payable	2,295,861	1,226,746
Unearned revenue	1,227,508	1,227,508
Total current liabilities	3,523,369	2,454,254
Net position		
Unrestricted	$ 826,099	$ 3,261,839

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 281

Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	2018	2017
Operating revenue		
Charges for services		
Contributions from governmental funds	$ 17,310,119	$ 16,755,224
Operating expenses		
Dental benefit claims	1,307,421	1,324,022
Health benefit claims	18,484,823	15,769,754
Total operating expenses	19,792,244	17,093,776
Operating income (loss)	(2,482,125)	(338,552)
Nonoperating revenue		
Investment earnings	46,385	27,719
Change in net position	(2,435,740)	(310,833)
Net position		
Beginning of year	3,261,839	3,572,672
End of year	$ 826,099	$ 3,261,839

See notes to basic financial statements

Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018
(With Partial Comparative Information for the Year Ended June 30, 2017)

	2018	2017
Cash flows from operating activities		
Contributions from governmental funds	$ 17,310,119	$ 18,143,143
Payments for dental claims	(1,325,178)	(1,334,121)
Payments for health claims	(17,397,951)	(15,802,194)
Net cash flows from operating activities	(1,413,010)	1,006,828
Cash flows from investing activities		
Investment income received	46,385	27,719
Net change in cash and cash equivalents	(1,366,625)	1,034,547
Cash and cash equivalents		
Beginning of year	5,716,093	4,681,546
End of year	$ 4,349,468	$ 5,716,093
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (2,482,125)	$ (338,552)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Due from other funds	–	1,390,758
Claims payable	1,069,115	(42,539)
Unearned revenue	–	(2,839)
Net cash flows from operating activities	$ (1,413,010)	$ 1,006,828

See notes to basic financial statements

Statement of Fiduciary Net Position
Fiduciary Funds
as of June 30, 2018

	Employee Benefit Trust Funds	Scholarship Private-Purpose Trust Fund
Assets		
Cash and cash equivalents	$ 442,828	$ 401,321
Investments		
Mutual funds	18,837,824	–
Accounts and interest receivable	–	4,452
Total assets	19,280,652	405,773
Liabilities		
Accounts and contracts payable	–	3,826
Due to other funds	583,727	–
Total liabilities	583,727	3,826
Net position		
Held in trust for employee benefits and other purposes	$ 18,696,925	$ 401,947

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2018

	Employee Benefit Trust Funds	Scholarship Private-Purpose Trust Fund
Additions		
Contributions		
Gifts and donations	$ –	$ 17,055
Plan member contributions	794,207	–
Investment earnings	823,399	5,471
Total additions	1,617,606	22,526
Deductions		
Scholarships awarded	–	17,488
Flexible benefits	751,028	–
Retirement benefits	583,727	–
Administrative and other expenses	86,547	1,453
Total deductions	1,421,302	18,941
Change in net position	196,304	3,585
Net position		
Beginning of year	18,500,621	398,362
End of year	$ 18,696,925	$ 401,947

See notes to basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 281, Robbinsdale Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District, located in Hennepin County, serves pre-kindergarten through Grade 12 students in all or parts of the cities of Brooklyn Center, Brooklyn Park, Crystal, Golden Valley, New Hope, Plymouth, and Robbinsdale. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, the District's School Board has elected not to control or be otherwise financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are not included in the basic financial statements.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for fiduciary funds. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Fund Financial Statement Presentation

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenue, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Food service sales, community education tuition, and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust and private-purpose trust. Fiduciary funds are also reported using the accrual basis of accounting and economic resources measurement focus. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

Description of Funds

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

Major Governmental Funds

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

Capital Projects – Building Construction Fund – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general obligation debt principal, interest, and related costs. The other post-employment benefits (OPEB) debt service account is used for the 2009 taxable OPEB bond issue. The regular debt service account is used for all other general obligation bonds debt service.

Nonmajor Governmental Funds

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

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

Proprietary Funds

Internal Service Funds – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's internal service funds are used to account for dental insurance and health insurance offered to district employees as self-insured plans.

Fiduciary Funds

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

Employee Benefit Trust Fund – This fund is used to administer resources held for employees participating in the District's flexible benefit plan (Internal Revenue Code [IRC] § 125 Cafeteria Plan).

Scholarship Private-Purpose Trust Fund – This fund is used to account for resources held in trust to be used by various other third parties to award scholarships to former students.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Information

The School Board adopts annual budgets for all governmental funds, prepared on the same basis of accounting as the financial statements. Legal budgetary control, the level at which expenditures may not legally exceed appropriations, is at the fund level. Budgeted expenditure appropriations lapse at year-end.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels. Actual expenditures exceeded final budgeted appropriations by $2,126,052 in the General Fund, $95,714 in the Food Service Special Revenue Fund, and $805,725 in the Community Service Special Revenue Fund.

F. Cash and Temporary Investments

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

Cash and investments held by trustee reported in the Capital Projects – Building Construction Fund represent assets held in escrow accounts for future capital projects in accordance with applicable debt provisions. In the government-wide financial statements, these accounts are reported as restricted assets.

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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

Amounts due from other governmental units at year-end consist of the following:

Due from the MDE	$	12,474,711
Due from federal government agencies		3,674,799
Due from other Minnesota school districts		180,912
Due from Hennepin County and others		137,884
Total	$	16,468,306

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

The majority of the District's revenue in the General Fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Minnesota Legislature based on education funding priorities. Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $3,602,546 of the property tax levy collectible in 2018 as revenue in fiscal 2017–2018. The remaining portion of the taxes collectible in 2018 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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

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

L. Deferred Outflows/Inflows of Resources

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations

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

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

N. Compensated Absences

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

O. Severance Benefits Payable

The District provides lump sum severance benefits to certain eligible employee groups in accordance with provisions in collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

P. State-Wide Pension Plans

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (OPEB) Plan

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

R. Risk Management and Self-Insurance

1. **General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for workers' compensation coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal 2018.

2. **Self-Insurance** – The District has established two internal service funds to account for and finance its uninsured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans. The District makes premium payments to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

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

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

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2017	$ 50,095	$ 1,324,022	$ 1,334,121	$ 39,996
2018	$ 39,996	$ 1,307,421	$ 1,325,178	$ 22,239

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

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2017	$ 1,219,190	$ 15,769,754	$ 15,802,194	$ 1,186,750
2018	$ 1,186,750	$ 18,484,823	$ 17,397,951	$ 2,273,622

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Net Position

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

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.

- **Restricted** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- **Unrestricted** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

T. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District's superintendent or designee is authorized to establish assignments of fund balance.

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Use of Estimates

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

V. Prior Period Comparative Financial Information/Reclassification

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$ 3,516,163
Investments	63,936,142
Total	$ 67,452,305

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

Deposits	$ 3,516,163
Investments	63,936,142
Total	$ 67,452,305

Statement of Net Position	
Cash and temporary investments	$ 47,770,002
Restricted assets – temporarily restricted – cash and investments for capital projects	330
Statement of Fiduciary Net Position	
Cash and cash equivalents – Employee Benefit Trust Funds	442,828
Investments – Employee Benefit Trust Funds	18,837,824
Cash and cash equivalents – Scholarship Private-Purpose Trust Fund	401,321
Total	$ 67,452,305

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits

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

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

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

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

At year-end, the carrying amount of the District's deposits was $3,516,163, while the balance on the bank records was $2,801,200. At June 30, 2018, all of these deposits were fully covered by federal deposit insurance or by collateral held by the District's agent in the District's name.

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Interest Risk – Maturity Duration in Years: No Maturity Date	Less Than 1	1 to 5	Total
Negotiable certificates of deposit	N/R	N/A	Level 2	$ –	$ 597,600	$ 214,590	$ 812,190
MNTrust Investment Shares Portfolio	AAA	S&P	N/A	$ 16,456,192	$ –	$ –	16,456,192
MNTrust Term Series	N/R	N/A	N/A	$ –	$ 13,500,000	$ –	13,500,000
Mutual funds	AAA	S&P	Level 2	$ 9,611,547	$ –	$ –	9,611,547
Mutual funds	AAA	S&P	Level 1	$ 4,753,550	$ –	$ –	4,753,550
Mutual funds	N/R	N/A	Level 2	$ 18,802,663	$ –	$ –	18,802,663
Total investments							$ 63,936,142

N/A – Not Applicable
N/R – Not Rated

The MNTrust Investment Shares Portfolio and MNTrust Term Series are external investment pools regulated by Minnesota Statutes and is not registered with the Securities and Exchange Commission. The District's investments in the pools are measured at the net asset value per share provided by the pool, which are based on an amortized cost method that approximates fair value. There are no unfunded commitments, redemption frequency is daily, no redemption notice required for the MNTrust Investment Shares Portfolio, and a redemption notice of seven days is required for the MNTrust Term Series.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	$ 1,218,930	$ –	$ –	$ –	$ 1,218,930
Construction in progress	26,536,798	15,637,623	–	(33,394,633)	8,779,788
Total capital assets not depreciated	27,755,728	15,637,623	–	(33,394,633)	9,998,718
Capital assets, depreciated					
Land improvements	7,237,829	1,085,225	–	–	8,323,054
Buildings	407,514,342	2,918,500	–	33,394,633	443,827,475
Furniture and equipment	26,127,817	417,541	–	–	26,545,358
Total capital assets, depreciated	440,879,988	4,421,266	–	33,394,633	478,695,887
Less accumulated depreciation for					
Land improvements	(4,864,649)	(188,850)	–	–	(5,053,499)
Buildings	(139,665,886)	(15,150,830)	–	–	(154,816,716)
Furniture and equipment	(22,283,684)	(806,707)	–	–	(23,090,391)
Total accumulated depreciation	(166,814,219)	(16,146,387)	–	–	(182,960,606)
Net capital assets, depreciated	274,065,769	(11,725,121)	–	33,394,633	295,735,281
Total capital assets, net	$ 301,821,497	$ 3,912,502	$ –	$ –	$ 305,733,999

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

Administration	$ 658
District support services	48,666
Elementary and secondary regular instruction	41,891
Vocational education instruction	425
Special education instruction	10,758
Instructional support services	1,254
Pupil support services	246,608
Sites and buildings	15,703,051
Food service	92,465
Community service	611
Total depreciation expense	$ 16,146,387

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

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

Issue	Issue Date	Interest Rate	Face/Par Value	Final Maturity	Principal Outstanding
2009 Refunding Bonds	02/01/2009	4.20%	$ 6,080,000	02/01/2020	$ 1,315,000
2009 Taxable OPEB Bonds	05/01/2009	2.15%–5.40%	$ 20,065,000	02/01/2025	11,160,000
2010 Refunding Bonds	05/01/2010	3.00%–5.00%	$ 20,790,000	02/01/2024	11,815,000
2010 Refunding Bonds	12/17/2010	2.00%–3.25%	$ 7,685,000	02/01/2024	4,475,000
2011 Alternative Facilities Bonds	06/01/2011	2.00%–4.50%	$ 10,990,000	02/01/2032	8,285,000
2011 Refunding Bonds	11/15/2011	3.00%–5.00%	$ 20,630,000	02/01/2021	7,655,000
2012 Alternative Facilities Bonds	08/29/2012	2.00%–3.00%	$ 8,535,000	02/01/2024	8,315,000
2012 Refunding Bonds	11/06/2012	2.00%–5.00%	$ 24,610,000	02/01/2022	12,125,000
2013 Capital Facilities Bond	07/18/2013	2.00%–3.00%	$ 3,200,000	02/01/2023	1,605,000
2014 Alternative Facilities Bond	05/01/2014	3.00%	$ 13,425,000	02/01/2026	13,325,000
2014 Refunding Bonds	11/20/2014	2.00%–5.00%	$ 9,640,000	02/01/2024	6,860,000
2015 Alternative Facilities Bonds	08/25/2015	3.00%–4.00%	$ 17,100,000	02/01/2028	17,100,000
2015 Refunding Bonds	11/19/2015	5.00%	$ 2,300,000	02/01/2020	1,225,000
2016 Capital Facilities Bonds	03/10/2016	2.00%–4.00%	$ 9,235,000	02/01/2031	9,235,000
2016 Alternative Facilities Bonds	06/01/2016	2.00%–5.00%	$ 7,080,000	02/01/2027	6,520,000
2016 Facilities Maintenance Bonds	06/01/2016	2.00%–3.00%	$ 40,800,000	02/01/2032	40,800,000
2017 Alternative Facilities Refunding Bonds	05/24/2017	2.00%–5.00%	$ 12,170,000	02/01/2029	11,930,000
2018 Facilities Maintenance Bonds	05/30/2018	3.00%–5.00%	$ 14,200,000	02/01/2031	14,200,000
Total general obligation bonds payable					$ 187,945,000

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

B. Certificates of Participation Payable

On July 19, 2016, the District sold $9,535,000 of certificates of participation to finance the construction of additions to several elementary sites and one middle school site. The certificates bear interest rates ranging from 2.00–4.00 percent, with a final maturity of April 1, 2031. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates.

C. Capital Leases

The District entered into a capital lease agreement to finance the construction of an addition to Pilgrim Lane Elementary School. The lease has an effective interest rate of 2.49 percent, and calls for semiannual principal and interest payments through February 1, 2032, which are being paid by the General Fund. The leased assets were recorded in buildings at $1,942,000 as of June 30, 2018, with no accumulated depreciation to date.

The District entered into a capital lease agreement to finance the construction of two additions to the School of Engineering and Arts. The lease has an effective interest rate of 3.04 percent, and calls for semiannual principal and interest payments through February 1, 2032, which are being paid by the General Fund. The leased assets were recorded in buildings at $1,701,000 as of June 30, 2018, with no accumulated depreciation to date.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

D. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including: compensated absences, severance benefits, pension benefits, and OPEB. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are paid primarily from the General Fund and special revenue funds.

District employees participate in two state-wide, cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2018:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PERA	$ 28,357,435	$ 8,215,974	$ 6,685,972	$ 3,313,260
TRA	287,969,129	167,524,568	46,233,332	51,350,480
Total	$ 316,326,564	$ 175,740,542	$ 52,919,304	$ 54,663,740

E. Changes in Long-Term Liabilities

	Balance – Beginning of Year	Additions	Retirements	Balance – End of Year	Due Within One Year
General obligation bonds	$ 187,100,000	$ 14,200,000	$ 13,355,000	$ 187,945,000	$ 14,730,000
Certificates of participation	8,930,000	–	555,000	8,375,000	565,000
Unamortized premiums	9,911,727	924,549	1,361,266	9,475,010	–
Unamortized discounts	(92,523)	–	(11,811)	(80,712)	–
Capital leases	3,643,000	–	203,584	3,439,416	204,567
Compensated absences payable	1,569,560	1,426,299	1,569,560	1,426,299	1,426,299
Severance benefits payable	2,658,377	77,728	303,161	2,432,944	300,000
Net pension liability	382,517,639	4,249,070	70,440,145	316,326,564	–
	$ 596,237,780	$ 20,877,646	$ 87,775,905	$ 529,339,521	$ 17,225,866

F. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds		Certificates of Participation		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 14,730,000	$ 6,640,414	$ 565,000	$ 189,756	$ 204,567	$ 93,016
2020	14,135,000	6,177,051	575,000	178,456	210,210	87,373
2021	13,755,000	5,537,971	585,000	166,956	216,011	81,572
2022	13,195,000	4,963,121	600,000	155,256	221,973	75,610
2023	13,695,000	4,459,191	610,000	143,256	228,102	69,482
2024–2028	72,325,000	15,045,604	3,285,000	477,481	1,238,589	249,326
2029–2032	46,110,000	2,741,931	2,155,000	105,950	1,119,964	70,368
	$ 187,945,000	$ 45,565,283	$ 8,375,000	$ 1,417,111	$ 3,439,416	$ 726,747

NOTE 5 – FUND BALANCES

A. Classifications

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

A summary of the District's governmental fund balance classifications at year-end are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 232,567	$ –	$ –	$ 72,855	$ 305,422
Prepaid items	253,529	–	1,500	8,205	263,234
Total nonspendable	486,096	–	1,500	81,060	568,656
Restricted					
Staff development	5,878	–	–	–	5,878
Health and safety	226,635	–	–	–	226,635
Capital projects levy	718,695	–	–	–	718,695
Operating capital	4,304,617	–	–	–	4,304,617
Medical Assistance	557,340	–	–	–	557,340
Projects funded by COP	–	261,494	–	–	261,494
Long-term facilities maintenance	–	10,985,938	–	–	10,985,938
Capital projects	–	1,138,719	–	–	1,138,719
Food service	–	–	–	905,630	905,630
Community education programs	–	–	–	708,474	708,474
Early childhood family education programs	–	–	–	200,840	200,840
School readiness	–	–	–	337,103	337,103
Adult basic education	–	–	–	78,917	78,917
Community service	–	–	–	105,332	105,332
Debt service	–	–	2,426,303	–	2,426,303
Total restricted	5,813,165	12,386,151	2,426,303	2,336,296	22,961,915
Unassigned					
Safe schools levy – restricted account deficit	(348,736)	–	–	–	(348,736)
Long-term facilities maintenance – restricted account deficit	(192,793)	–	–	–	(192,793)
Unassigned	(777,819)	–	–	–	(777,819)
Total unassigned	(1,319,348)	–	–	–	(1,319,348)
Total	$ 4,979,913	$ 12,386,151	$ 2,427,803	$ 2,417,356	$ 22,211,223

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes the District will strive to maintain a minimum unassigned General Fund balance of 6.5 percent of the annual projected expenditures. At June 30, 2018, the unassigned fund balance of the General Fund (excluding any restricted account deficits) was a deficit of (0.4) percent of budgeted expenditures for the year then ended, which was below the minimum established in the School Board policy.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the City of St. Paul and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by Minnesota State Colleges and Universities (MnSCU) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan administered by MnSCU.

B. Benefits Provided

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

- **PERA** – Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90.0 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90.0 percent funded, or have fallen below 80.0 percent, are given 1.0 percent increases.

- **TRA** – Post-retirement benefit increases are provided to eligible benefit recipients each January and are assumed to remain level at 2.0 percent annually through 2018, and 1.0 percent thereafter.

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for the PERA's Coordinated Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 1.7 percent of average salary for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at age 66.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

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

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

Tier II Benefits

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

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

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

C. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2018; the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2018, were $2,186,897. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

	Year Ended June 30,			
	2017		2018	
	Employee	Employer	Employee	Employer
Basic Plan	11.0 %	11.5 %	11.0 %	11.5 %
Coordinated Plan	7.5 %	7.5 %	7.5 %	7.5 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2018, were $5,927,137. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

	in thousands
Employer contributions reported in the TRA's CAFR Statement of Changes in Fiduciary Net Position	$ 367,791
Add employer contributions not related to future contribution efforts	810
Deduct the TRA's contributions not included in allocation	(456)
Total employer contributions	368,145
Total nonemployer contributions	35,588
Total contributions reported in the Schedule of Employer and Nonemployer Pension Allocations	$ 403,733

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2018, the District reported a liability of $28,357,435 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.4442 percent at the end of the measurement period and 0.4506 percent for the beginning of the period.

The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $6 million to the fund. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 28,357,435
State's proportionate share of the net pension liability associated with the District	$ 356,565

For the year ended June 30, 2018, the District recognized pension expense of $3,302,961 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $10,299 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $6 million to the GERF.

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

At June 30, 2018, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 934,574	$ 1,839,875
Changes in actuarial assumptions	4,775,778	2,842,836
Difference between projected and actual investment earnings	–	1,165,802
Changes in proportion	318,725	837,459
District's contributions to the GERF subsequent to the measurement date	2,186,897	–
Total	$ 8,215,974	$ 6,685,972

A total of $2,186,897 reported as deferred outflows of resources related to pensions resulting from district contributions to the GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	$ (512,640)
2020	$ 1,707,614
2021	$ (648,150)
2022	$ (1,203,719)

2. TRA Pension Costs

At June 30, 2018, the District reported a liability of $287,969,129 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Special School District No. 1, Minneapolis Public Schools. The District's proportionate share was 1.4426 percent at the end of the measurement period and 1.4503 percent for the beginning of the period.

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

District's proportionate share of the net pension liability	$ 287,969,129
State's proportionate share of the net pension liability associated with the District	$ 27,837,905

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

For the year ended June 30, 2018, the District recognized pension expense of $50,816,570. It also recognized $533,910 as an increase to pension expense for the support provided by direct aid.

At June 30, 2018, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,164,955	$ 2,022,206
Changes in actuarial assumptions	156,774,787	40,339,929
Difference between projected and actual investment earnings	–	2,340,669
Changes in proportion	2,657,689	1,530,528
District's contributions to the TRA subsequent to the measurement date	5,927,137	–
Total	$ 167,524,568	$ 46,233,332

A total of $5,927,137 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the TRA pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	$ 30,953,937
2020	$ 35,900,977
2021	$ 30,992,874
2022	$ 26,293,300
2023	$ (8,776,989)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50% per year	
Price inflation		2.50%
Wage growth rate		2.85% for 10 years, and 3.25% thereafter
Active member payroll	3.25% per year	2.85% to 8.85% for 10 years, and 3.25% to 9.25% thereafter
Investment rate of return	7.50%	5.12%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.0 percent per year for the GERF through 2044, and then 2.5 percent thereafter, and 2.0 percent per year for all future years for the TRA.

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

Actuarial assumptions used in the June 30, 2017 valuation for the GERF were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2015.

The following changes in actuarial assumptions occurred in 2017:

1. **GERF**

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

2. **TRA**

   - The cost of living adjustment (COLA) was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
   - The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
   - Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
   - The investment return assumption was changed from 8.00 percent to 7.50 percent.
   - The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
   - The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
   - The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
   - The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
   - The single discount rate changed from 4.66 percent to 5.12 percent.

The long-term expected rate of return on pension plan investments is 7.50 percent for the GERF and 5.12 percent for the TRA. The Minnesota State Board of Investment, which manages the investments of the PERA and the TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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.

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

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 stocks	39 %	5.10 %
International stocks	19	5.30 %
Bonds	20	0.75 %
Alternative assets	20	5.90 %
Cash	2	– %
Total	100 %	

F. Discount Rate

1. **GERF**

The discount rate used to measure the total pension liability in 2017 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. **TRA**

The discount rate used to measure the total pension liability was 5.12 percent. This is an increase from the discount rate at the prior measurement date of 4.66 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2017 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 projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.50 percent) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56 percent was applied to periods on and after 2053, resulting in a SEIR of 5.12 percent. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01 percent).

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

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
District's proportionate share of the GERF net pension liability	$ 43,984,489	$ 28,357,435	$ 15,563,853
TRA discount rate	4.12%	5.12%	6.12%
District's proportionate share of the TRA net pension liability	$ 308,063,761	$ 287,969,129	$ 210,322,150

H. Pension Plan Fiduciary Net Position

Pension Benefit Reforms – The 2018 pension bill included a number of reforms to the various defined benefit pension plans across the state, including the plans administered by the PERA and the TRA. The reforms include several changes, including modifications in future COLA and contribution rates.

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

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

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

A. Plan Description

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

The assets of the plan are reported in the Post-Employment Benefits Trust Fund, administered by the District. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

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

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

C. Contributions

Required contributions are based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the District.

D. Membership

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

Retirees and beneficiaries receiving benefits	58
Active plan members	1,765
Total members	1,823

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

E. Net OPEB Liability (Asset) of the District

The District's net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2016 (census date). The components of the net OPEB liability (asset) of the District at year-end were as follows:

Total OPEB liability	$ 9,984,624
Plan fiduciary net position	(18,254,097)
District's net OPEB liability (asset)	$ (8,269,473)
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	182.8%

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation with a measurement date of June 30, 2018, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.50%
Expected long-term investment return	5.50%
20-year municipal bond yield	3.62%
Inflation rate	2.75%
Healthcare trend rate	6.90%, grading to an ultimate rate of 4.40% in 2075

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale.

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The medical trend rates were increased from the prior measurement date to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes. The investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates 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.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	20.00 %	4.95 %	7.70 %
International equity	10.00	5.24 %	7.99 %
Fixed income	70.00	1.99 %	4.74 %
Total (net of invetsment expense)	100.00 %		5.50 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 4.11 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been taken into account. The District discount rate used in the prior measurement date was 5.75 percent.

I. Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a-b)
Beginning balance – July 1, 2017	$ 9,628,912	$ 18,100,972	$ (8,472,060)
Changes for the year			
Service cost	395,745	–	395,745
Interest	559,636	–	559,636
Changes of assumptions	(15,942)	–	(15,942)
Net investment income	–	823,399	(823,399)
Benefit payments	(583,727)	(583,727)	–
Administrative expense	–	(86,547)	86,547
Total net changes	355,712	153,125	202,587
Ending balance – June 30, 2018	$ 9,984,624	$ 18,254,097	$ (8,269,473)

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB discount rate	4.50%	5.50%	6.50%
Net OPEB liability (asset)	$ (7,754,498)	$ (8,269,473)	$ (8,770,128)

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

	1% Decrease in Healthcare Trend Rate	Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
OPEB healthcare trend rate	5.90% decreasing to 3.40% in 2075	6.90% decreasing to 4.40% in 2075	7.90% decreasing to 5.40% in 2075
Net OPEB liability (asset)	$ (9,138,177)	$ (8,269,473)	$ (7,289,453)

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

For the current year ended, the District recognized OPEB income of $21,053. As of year-end, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ –	$ 14,066
Differences between projected and actual investment earnings	236,294	–
Total	$ 236,294	$ 14,066

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

Year Ending June 30,	OPEB Expense
2019	$ 57,109
2020	$ 57,109
2021	$ 57,109
2022	$ 57,463
2023	$ (1,876)
2024 and Thereafter	$ (4,686)

NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a "cafeteria plan" (the Plan) under § 125 of the IRC. Employee eligibility is determined by the terms of the various District collective bargaining agreements or contracts. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for health insurance, healthcare, and dependent care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. Payments of insurance premiums (health, dental, and disability) are made by the District directly to the internal service funds or designated insurance companies from the District's General Fund and special revenue funds. Amounts withheld for medical reimbursement and dependent care are deposited in the District's account.

Amounts withheld for medical reimbursement and dependent care are deposited into a separate district checking account on a monthly basis. All assets of the Plan are held in a separate bank account, administered by an employee of the District. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant. On June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

The Plan is administered by a third party trustee that handles all record keeping duties. The medical reimbursement and dependent care activity of the Plan is included in the financial statements as the Employee Benefit Trust Fund.

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

NOTE 10 – INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables at June 30, 2018:

	Due From Other Funds	Due To Other Funds
Governmental funds		
General Fund	$ 1,083,186	$ –
Nonmajor funds		
Food Service Special Revenue Fund	48,810	566,834
Community Service Special Revenue Fund	18,565	–
Fiduciary fund		
Post-Employment Benefits Trust Fund	–	583,727
Total all funds	$ 1,150,561	$ 1,150,561

As of June 30, 2018, the District's General Fund had an interfund receivable of $566,834 due from the Food Service Special Revenue Fund to eliminate a temporary cash deficit. The remaining interfund balances represent post-employment benefit reimbursements due from the trust to the governmental funds. Interfund balances reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables or payables due between fiduciary funds and other District funds are not eliminated.

NOTE 11 – STEWARDSHIP AND ACCOUNTABILITY

As of June 30, 2018, the District's Health Benefits Self-Insurance Internal Service Fund had a deficit net position of $377,451.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

The District is committed to a number of contracts for the construction and improvement of various district properties. At June 30, 2018, the remaining commitment under these contracts is $4,082,299.

B. Federal and State Revenue

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

C. Legal Contingencies

The District is a defendant in various lawsuits. Although the outcomes of these lawsuits are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

NOTE 13 – SUBSEQUENT EVENTS

In November 2018, the District issued $9,910,000 of General Obligation Taxable OPEB Refunding Bonds, Series 2018B. The bonds bear interest rates of 3.00 percent to 3.30 percent, and have a final maturity of February 1, 2025. These bonds will be used to refund the District's 2009 General Obligation Taxable OPEB Bonds, with a total principal of $11,160,000.

INDEPENDENT SCHOOL DISTRICT NO. 281

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2018

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.4714%	$ 22,144,010	$ –	$ 22,144,010	$ 23,850,298	92.85%	78.70%
06/30/2016	06/30/2015	0.4383%	$ 22,714,981	$ –	$ 22,714,981	$ 25,717,752	88.32%	78.20%
06/30/2017	06/30/2016	0.4506%	$ 36,586,485	$ 477,849	$ 37,064,334	$ 27,936,974	130.96%	68.90%
06/30/2018	06/30/2017	0.4442%	$ 28,357,435	$ 356,565	$ 28,714,000	$ 28,513,259	99.45%	75.90%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2018

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 1,900,180	$ 1,900,180	$ –	$ 25,717,752	7.39%
06/30/2016	$ 2,095,274	$ 2,095,274	$ –	$ 27,936,974	7.50%
06/30/2017	$ 2,144,453	$ 2,144,453	$ –	$ 28,513,259	7.52%
06/30/2018	$ 2,186,897	$ 2,186,897	$ –	$ 29,158,626	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2018

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.4456%	$ 66,612,207	$ 4,686,092	$ 71,298,299	$ 65,989,556	100.94%	81.50%
06/30/2016	06/30/2015	1.3943%	$ 86,251,245	$ 10,579,374	$ 96,830,619	$ 70,765,080	121.88%	76.80%
06/30/2017	06/30/2016	1.4503%	$345,931,154	$ 34,723,065	$380,654,219	$ 75,456,567	458.45%	44.88%
06/30/2018	06/30/2017	1.4426%	$287,969,129	$ 27,837,905	$315,807,034	$ 77,542,890	371.37%	51.57%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2018

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 5,307,332	$ 5,307,332	$ –	$ 70,765,080	7.50%
06/30/2016	$ 5,658,083	$ 5,658,083	$ –	$ 75,456,567	7.50%
06/30/2017	$ 5,812,034	$ 5,812,034	$ –	$ 77,542,890	7.50%
06/30/2018	$ 5,927,137	$ 5,927,137	$ –	$ 79,157,830	7.49%

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Net
OPEB Liability (Asset) and Related Ratios
Year Ended June 30, 2018

	2018	2017
Total OPEB liability		
Service cost	$ 395,745	$ 374,192
Interest	559,636	551,130
Changes of assumptions	(15,942)	–
Benefit payments	(583,727)	(1,014,169)
Net change in total OPEB liability	355,712	(88,847)
Total OPEB liability – beginning of year	9,628,912	9,717,759
Total OPEB liability – end of year	9,984,624	9,628,912
Plan fiduciary net position		
Contributions – paid from governmental funds	–	28,001
Net investment income	823,399	1,039,704
Benefit payments – paid from governmental funds	–	(28,001)
Benefit payments – paid from trust	(583,727)	(986,168)
Administrative expense	(86,547)	(7,007)
Net change in plan fiduciary net position	153,125	46,529
Plan fiduciary net position – beginning of year	18,100,972	18,054,443
Plan fiduciary net position – end of year	18,254,097	18,100,972
Net OPEB liability (asset)	$ (8,269,473)	$ (8,472,060)
Plan fiduciary net position as a percentage of the total OPEB liability	182.82%	187.99%
Covered-employee payroll	$ 115,803,161	$ 115,661,449
Net OPEB liability as a percentage of covered-employee payroll	(7.14%)	(7.32%)

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2018

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	5.76%
2018	4.11%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Notes to Required Supplementary Information
June 30, 2018

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2017 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS:

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

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN PLAN PROVISIONS:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS:

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

TRA

2017 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The cost of living adjustment (COLA) was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS:

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

2015 CHANGES IN PLAN PROVISIONS:

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS:

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

INDEPENDENT SCHOOL DISTRICT NO. 281

Notes to Required Supplementary Information (continued)
June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS PLAN

2018 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The medical trend rates were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- The discount rate was changed from 5.75 percent to 5.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS:

- The healthcare trend rates were changed to reflect updated cost increase expectations.
- Medical claim costs were updated to reflect recent experience and plan offerings.
- Withdrawal, disability, retirement, mortality, and salary increase rates were updated to correct the PERA and the TRA valuations.
- Retiree coverage elections were updated to reflect recent plan experience.
- The inflation rate was changed from 3.00 percent to 2.75 percent.
- The discount rate was changed from 4.00 percent to 5.75 percent.

PROPOSAL SALE DATE: October 22, 2019

Independent School District No. 281 (Robbinsdale Area Schools)
Hennepin County, Minnesota
$11,425,000* General Obligation Refunding Bonds, Series 2019A

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $_________________ (which may not be less than $11,367,875) plus accrued interest, if any, to the date of delivery.

Year	Interest Rate (%)	Yield (%)	Dollar Price	Year	Interest Rate (%)	Yield (%)	Dollar Price
2021	_______%	_______%	_______%	2023	_______%	_______%	_______%
2022	_______%	_______%	_______%	2024	_______%	_______%	_______%

Designation of Term Maturities

Years of Term Maturities ______________ ______________

______________ ______________

In making this offer on the sale date of October 22, 2019 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated October 2, 2019 including the District's right to modify the principal amount of the Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $___________________________

TRUE INTEREST RATE: ______________ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from _________________.

Account Members

____
Account Manager

By: ___________________________

Phone: ________________________

....

The foregoing proposal has been accepted by the District.

Attest: ______________________________ Date: ______________________________

....

* *Preliminary; subject to change.*

Phone: 651-223-3000
Fax: 651-223-3046
Email: bond_services@bakertilly.com