PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 26, 2023

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

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions. See "TAX CONSIDERATIONS" herein.

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

INDEPENDENT SCHOOL DISTRICT NO. 333 (OGILVIE), MINNESOTA

(Kanabec, Isanti and Mille Lacs Counties)

(Minnesota School District Credit Enhancement Program)

$9,840,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2023A

PROPOSAL OPENING: February 9, 2023, 10:00 A.M., C.T. **CONSIDERATION**: February 9, 2023, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $9,840,000* General Obligation School Building Bonds, Series 2023A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 8, 2022 by Independent School District No. 333 (Ogilvie), Minnesota (the "District") for the purpose of financing the acquisition and betterment of school sites and facilities in the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: March 2, 2023

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2024	$690,000	2031	$305,000	2038	$410,000
2025	680,000	2032	325,000	2039	430,000
2026	730,000	2033	340,000	2040	450,000
2027	550,000	2034	355,000	2041	465,000
2028	565,000	2035	370,000	2042	885,000
2029	290,000	2036	380,000	2043	925,000
2030	300,000	2037	395,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2023 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2032 and thereafter are subject to call for prior optional redemption on February 1, 2031 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: $9,840,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $196,800 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Dorsey & Whitney LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

TABLE OF CONTENTS

INTRODUCTORY STATEMENT 1

THE BONDS 1
- GENERAL 1
- OPTIONAL REDEMPTION 2
- AUTHORITY; PURPOSE 2
- ESTIMATED SOURCES AND USES 2
- SECURITY 3
- RATING 3
- STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS 3
- CONTINUING DISCLOSURE 4
- LEGAL OPINION 5
- TAX CONSIDERATIONS 5
- MUNICIPAL ADVISOR 9
- MUNICIPAL ADVISOR AFFILIATED COMPANIES 9
- INDEPENDENT AUDITORS 9
- RISK FACTORS 9

VALUATIONS 12
- OVERVIEW 12
- CURRENT PROPERTY VALUATIONS 13
- 2021/22 NET TAX CAPACITY BY CLASSIFICATION . . 14
- TREND OF VALUATIONS 14
- LARGER TAXPAYERS 15

DEBT 16
- DIRECT DEBT 16
- STATE AID FOR DEBT SERVICE 17
- SCHEDULE OF BONDED INDEBTEDNESS 18
- BONDED DEBT LIMIT 19
- OVERLAPPING DEBT 19
- DEBT PAYMENT HISTORY 19
- DEBT RATIOS 20
- FUTURE FINANCING 20
- LEVY LIMITS 20

TAX RATES, LEVIES AND COLLECTIONS 21
- TAX LEVIES AND COLLECTIONS 21
- TAX CAPACITY RATES 22

THE ISSUER 23
- EMPLOYEES 23
- PENSIONS; UNIONS 23
- POST EMPLOYMENT BENEFITS 23
- STUDENT BODY 24
- SCHOOL BUILDINGS 24
- FUNDS ON HAND 24
- LITIGATION 25
- MUNICIPAL BANKRUPTCY 25
- SUMMARY GENERAL FUND INFORMATION 26

GENERAL INFORMATION 27
- LOCATION 27
- LARGER EMPLOYERS 27
- U.S. CENSUS DATA 28
- EMPLOYMENT/UNEMPLOYMENT DATA 28

FINANCIAL STATEMENTS A-1

FORM OF LEGAL OPINION B-1

BOOK-ENTRY-ONLY SYSTEM C-1

FORM OF CONTINUING DISCLOSURE COVENANTS (EXCERPTS FROM SALE RESOLUTION) D-1

TERMS OF PROPOSAL E-1

OGILVIE
SCHOOL BOARD

		Term Expires
Josh Smith	Board Chair	January 2027
Cory Schroeder	Vice Chair	January 2027
Kathy Beck	Clerk	January 2025
Nathan Koenings	Treasurer	January 2025
Casey Heins	Member	January 2025
Tim Peterson	Member	January 2027

ADMINISTRATION

Kathy Belsheim, Superintendent

Laurie Torgeson, Business Manager

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 333 (Ogilvie), Minnesota (the "District") and the issuance of its $9,840,000* General Obligation School Building Bonds, Series 2023A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on February 9, 2023.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the District's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of March 2, 2023. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 8, 2022, by the District, at which voters approved two ballot questions for the issuance of school building bonds in the total amount of $9,840,000.

The first bond referendum question was approved by a vote of 807 to 756, and authorized the issuance of $7,050,000 for acquisition and betterment of school sites and facilities including, but not limited to, security improvements, roof renovations, pool upgrades, track reconstruction, and playground updates.

The second bond referendum question was approved by a vote of 772 to 754, and authorized the issuance of $2,790,000 for acquisition and betterment of school sites and facilities including, but not limited to, completion of ventilation system upgrades district-wide.

ESTIMATED SOURCES AND USES*

Sources			
	Par Amount of Bonds	$9,840,000	
	Reoffering Premium	278,786	
	Total Sources		**$10,118,786**
Uses			
	Total Underwriter's Discount (1.000%)	$98,400	
	Costs of Issuance	88,700	
	Deposit to Project Construction Fund	9,931,686	
	Total Uses		**$10,118,786**

*Preliminary, subject to change.

SECURITY

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

RATING

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

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

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

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on December 19, 2022 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

Under the State Payment Law, if the District believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Commissioner of Education as soon as possible, but not less than 15 working days prior to the due date (which notice is to specify certain information) that it intends to exercise the provisions of the Law to guarantee payment of the principal and interest when due. The District also covenants in the Resolution to deposit with the Paying Agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of the payment.

The Law also requires the Paying Agent for this issue to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal and interest on these obligations, or if, on the day two business days prior to the payment date, there are insufficient funds to make the payment or deposit with the Paying Agent.

The Law also requires, after receipt of a notice which requests a payment pursuant to the Law, after consultation with the Paying Agent and District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. The State Payment Law provides that "upon receipt of this notice . . . the commissioner of management and budget shall issue a payment and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the [Department of Education] from the state general fund."

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

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

> "As of June 30, 2021, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2050, is approximately $16,995,000,000. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of June 30, 2021 is currently estimated at $2,500,000,000, with the maximum amount of principal and interest payable in any one month being $975,700,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.
>
> The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the District shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the District shall execute and deliver a Continuing Disclosure Certificate, under which the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

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

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

LEGAL OPINION

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

TAX CONSIDERATIONS

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

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

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

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

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

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is included, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

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

Original Issue Discount

Bonds may be issued with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

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

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

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

Market Discount

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

Bond Premium

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

Related Tax Considerations

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

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

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

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

Sale or Other Disposition

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

Information Reporting and Backup Withholding

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2022 have been audited by BerganKDV, Ltd., St. Cloud, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service should other revenue (state aids) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

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

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

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

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

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

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

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

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

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

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

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

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the District and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the District, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional $130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2019/20	2020/21	2021/22
Residential homestead[1]	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%
Agricultural homestead[1]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,880,000 - 0.50% [2] Over $1,880,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,900,000 - 0.50% [2] Over $1,900,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,890,000 - 0.50% [2] Over $1,890,000 - 1.00% [2]
Agricultural non-homestead	Land - 1.00% [2]	Land - 1.00% [2]	Land - 1.00% [2]
Seasonal recreational residential	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]
Residential non-homestead:	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City[4] - 1.25% Affordable Rental: First $150,000 - .75% Over $150,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $162,000 - .75% Over $162,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $174,000 - .75% Over $174,000 - .25%
Industrial/Commercial/Utility[5]	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%	First $100,000 - 1.50% Over $150,000 - 2.00%

---

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

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

3 Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2021/22 Economic Market Value	$436,446,997[1]

2021/22 Assessor's Estimated Market Value

	Kanabec County	Isanti County	Mille Lacs County	Total
Real Estate	$324,734,100	$26,923,200	$9,256,400	$360,913,700
Personal Property	3,197,300	108,000	1,300	3,306,600
Total Valuation	$327,931,400	$27,031,200	$9,257,700	$364,220,300

2021/22 Net Tax Capacity

	Kanabec County	Isanti County	Mille Lacs County	Total
Real Estate	$2,699,918	$196,624	$78,881	$2,975,423
Personal Property	62,192	540	26	62,758
Net Tax Capacity	$2,762,110	$197,164	$78,907	$3,038,181

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 83.45% of the actual selling prices of property most recently sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the District of $436,446,997.

2021/22 NET TAX CAPACITY BY CLASSIFICATION

	2021/22 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$1,249,969	41.14%
Agricultural	1,082,607	35.63%
Commercial/industrial	163,042	5.37%
Public utility	5,660	0.19%
Non-homestead residential	225,769	7.43%
Commercial & residential seasonal/rec.	248,376	8.18%
Personal property	62,758	2.07%
Total	$3,038,181	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2017/18	$302,866,800	$264,065,774	$2,358,462	$2,355,238	6.75%
2018/19	320,139,900	281,314,432	2,551,911	2,548,686	5.70%
2019/20	336,976,600	299,596,759	2,762,662	2,759,411	5.26%
2020/21	341,845,300	306,246,549	2,830,501	2,830,501	1.44%
2021/22	364,220,300	327,209,113	3,038,181	3,038,181	6.55%

1 Net Tax Capacity includes tax increment values.

2 Taxable Net Tax Capacity does not include tax increment values.

LARGER TAXPAYERS[1]

Taxpayer	Type of Property	2021/22 Net Tax Capacity	Percent of District's Total Net Tax Capacity
So. Minnesota Municipal Poser Agency	Utility	$43,882	1.44%
Federated Co-op Inc.	Commercial	17,736	0.58%
Individual	Agricultural/Residential	16,211	0.53%
Knife River Corp. - North Central	Rural Vacant/Industrial	14,616	0.48%
Individual	Seasonal Rec/Commercial	12,866	0.42%
Individual	Residential/Ag/Commerical	12,586	0.41%
Individual	Agricultural/Industrial/Res	11,906	0.39%
Individual	Commercial	11,266	0.37%
Individual	Agricultural/Residential	10,802	0.36%
Individual	Residential/Farm	10,273	0.34%
Total		$162,144	5.34%

District's Total 2021/22 Net Tax Capacity $3,038,181

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Kanabec, Isanti and Mille Lacs Counties.

1 In 2021, the estimated median commercial and industrial sales ratio used to equalize utility values in Isanti County dropped below 90% to 81.92% and in Mille Lacs County dropped below 90% to 72.52%, thereby resulting in lower valuations for this classification of property. Depreciation may also have affected the decrease in valuations.

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)*	$16,701,000

*Preliminary, subject to change.

STATE AID FOR DEBT SERVICE

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

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

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

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minn. Stat. Section 273.1387). The reimbursement percentage is 70% for taxes payable in 2023, and thereafter. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, and to rural vacant land and managed forest land. The amount of agricultural credit received in the debt service fund for taxes payable 2023 is approximately 16.46% of total annual debt service levies, based on the District's 2021/22 qualifying agricultural land valuation. The District's $1,018,000 Taxable General Obligation OPEB Crossover Refunding Bonds, Series 2016A, do **not** qualify for the agricultural credit pursuant to Minnesota Statutes.

---

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

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

Independent School District No. 333 (Ogilvie), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 03/02/2023)

	Taxable OPEB Crossover Refunding Bonds Series 2016A		Facilities Maintenance and Ref Bonds Series 2020B		School Building Bonds Series 2023A							
Dated Amount	11/16/2016 $1,018,000		11/12/2020 $6,650,000		03/02/2023 $9,840,000*							
Maturity	02/01		02/01		02/01							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2024	103,000	19,021	225,000	112,745	690,000	423,239	1,018,000	555,006	1,573,006	15,683,000	6.10%	**2024**
2025	104,000	16,318	240,000	108,245	680,000	416,288	1,024,000	540,850	1,564,850	14,659,000	12.23%	**2025**
2026	105,000	13,458	240,000	103,445	730,000	382,288	1,075,000	499,190	1,574,190	13,584,000	18.66%	**2026**
2027	111,000	10,439	240,000	98,645	550,000	345,788	901,000	454,871	1,355,871	12,683,000	24.06%	**2027**
2028	111,000	7,109	255,000	93,845	565,000	318,288	931,000	419,241	1,350,241	11,752,000	29.63%	**2028**
2029	112,000	3,640	260,000	88,745	290,000	290,038	662,000	382,423	1,044,423	11,090,000	33.60%	**2029**
2030			375,000	83,545	300,000	275,538	675,000	359,083	1,034,083	10,415,000	37.64%	**2030**
2031			385,000	79,045	305,000	260,538	690,000	339,583	1,029,583	9,725,000	41.77%	**2031**
2032			385,000	74,040	325,000	245,288	710,000	319,328	1,029,328	9,015,000	46.02%	**2032**
2033			390,000	68,650	340,000	232,288	730,000	300,938	1,030,938	8,285,000	50.39%	**2033**
2034			400,000	62,800	355,000	218,688	755,000	281,488	1,036,488	7,530,000	54.91%	**2034**
2035			405,000	56,400	370,000	204,488	775,000	260,888	1,035,888	6,755,000	59.55%	**2035**
2036			415,000	48,300	380,000	189,688	795,000	237,988	1,032,988	5,960,000	64.31%	**2036**
2037			420,000	40,000	395,000	174,488	815,000	214,488	1,029,488	5,145,000	69.19%	**2037**
2038			435,000	31,600	410,000	158,688	845,000	190,288	1,035,288	4,300,000	74.25%	**2038**
2039			375,000	22,900	430,000	142,288	805,000	165,188	970,188	3,495,000	79.07%	**2039**
2040			380,000	15,400	450,000	124,013	830,000	139,413	969,413	2,665,000	84.04%	**2040**
2041			390,000	7,800	465,000	103,763	855,000	111,563	966,563	1,810,000	89.16%	**2041**
2042					885,000	82,838	885,000	82,838	967,838	925,000	94.46%	**2042**
2043					925,000	43,013	925,000	43,013	968,013	0	100.00%	**2043**
	646,000	69,984	6,215,000	1,196,150	9,840,000	4,631,527	16,701,000	5,897,661	22,598,661			

* Preliminary, subject to change.

BONDED DEBT LIMIT

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

2021/22 Economic Market Value	$436,446,997
Multiply by 15%	0.15
Statutory Debt Limit	$65,467,050
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes[1] (includes the Bonds)*	(16,055,000)
Unused Debt Limit*	$49,412,050

*Preliminary, subject to change.

OVERLAPPING DEBT[2]

Taxing District	2021/22 Taxable Net Tax Capacity	% In District	Total G.O. Debt[3]	District's Proportionate Share
Counties of:				
Isanti	$43,144,214	0.4570%	$5,185,000	$23,695
Kanabec	14,846,085	20.4645%	4,745,000	971,041
Mille Lacs	26,348,632	0.2995%	14,755,000	44,191
City of:				
Ogilvie	201,990	100.0000%	40,000	40,000
District's Share of Total Overlapping Debt				$1,078,927

1 Does not include the $1,018,000 Taxable General Obligation OPEB Crossover Refunding Bonds, Series 2016A, as they are not subject to the debt limit calculation.

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

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

DEBT PAYMENT HISTORY

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

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $436,446,997	Debt/ Per Capita 3,480[1]
Direct G.O. Debt Paid From Taxes and State Aids*	$16,701,000		
Less: Agricultural Credit[2]	(2,642,653)		
Tax Supported General Obligation Debt*	$14,058,347	3.22%	$4,039.75
District's Share of Total Overlapping Debt	$1,078,927	0.25%	$310.04
Total*	$15,137,274	3.47%	$4,349.79

*Preliminary, subject to change.

FUTURE FINANCING

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

LEVY LIMITS

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

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

1 Estimated 2021 population.

2 Based on current State law and statistics, the State of Minnesota is estimated to pay approximately 16.46% of the principal and interest of the District's general obligation bonds. Assuming this percentage continues for the life of the issue, the State's proportionate share of principal is $2,642,653. The District's $1,018,000 Taxable General Obligation OPEB Crossover Refunding Bonds, Series 2016A, do **not** qualify for the agricultural credit pursuant to Minnesota Statutes.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date	% Collected
2017/18	$855,152	$835,299	$853,266	99.78%
2018/19	993,467	969,292	990,106	99.66%
2019/20	943,706	922,063	940,534	99.66%
2020/21	912,063	883,857	905,207	99.25%
2021/22	913,666	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.[2] Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

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

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

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

TAX CAPACITY RATES[1]

	2017/18	2018/19	2019/20	2020/21	2021/22
I.S.D. No. 333 (Ogilvie)	30.849%	32.399%	26.172%	23.262%	22.275%
Isanti County	65.157%	64.816%	62.966%	62.094%	59.744%
Kanabec County	94.222%	91.043%	90.596%	87.909%	85.043%
Mille Lacs County	78.400%	76.841%	78.636%	73.577%	79.065%
City of Ogilvie	68.090%	62.470%	56.181%	61.196%	59.396%
Town of Kanabec[2]	15.905%	13.413%	14.098%	13.942%	13.364%
ECRDC	0.216%	0.212%	0.199%	0.188%	0.173%
Kanabec County EDA	1.390%	1.500%	1.361%	1.310%	1.270%
Region 7E	0.224%	0.210%	0.210%	0.192%	0.150%
Referendum Market Value Rates:					
I.S.D. No. 333 (Ogilvie)	0.12002%	0.13667%	0.14402%	0.15101%	0.13344%
Kanabec County	0.02095%	0.01954%	0.01817%	0.01740%	0.00163%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Kanabec, Isanti and Mille Lacs Counties.

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

2 Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 114, including 63 non-licensed employees and 51 licensed employees (48 of whom are teachers). The District provides education for 508 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

All teachers employed by the District are covered by defined benefit pension plans administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

Public Employees' Retirement Association (PERA)

All full-time and certain part-time employees of the District (other than those covered by TRA) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Ogilvie Education Association	June 30, 2023
Ogilvie Ed Support Personnel Association	June 30, 2023

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent Audited Financial Statements (Audit) shows a total OPEB liability of $305,007 as of June 30, 2022. In November of 2016, the District issued $1,018,000 in OPEB Bonds to fund an irrevocable trust. As of June 30, 2022, the net position of the trust was $32,318. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent Audit.

STUDENT BODY

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2018/19	35	228	235	498
2019/20	31	204	238	474
2020/21	38	200	235	473
2021/22	38	233	242	512
2022/23	41	235	232	508

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2023/24	38	224	239	501
2024/25	38	224	238	500
2025/26	38	226	234	498

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Ogilvie School K-12	1991	1999

FUNDS ON HAND (as of November 30, 2022)

Fund	Total Cash and Investments
General	$44,156
Food Service	252,047
Community Service	60,653
Debt Service	981,816
Building/Construction	163,609
Debt Service-OPEB	67,451
Student Activity Accounts	64,036
Total Funds on Hand	$1,633,767

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the District or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Minnesota school districts to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Bonds are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Bonds. Such modifications could be adverse to holders of the Bonds and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds.

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District’s 2022 audited financial statements.

	FISCAL YEAR ENDING JUNE 30				
COMBINED STATEMENT	**2019 Audited**	**2020 Audited**	**2021 Audited[1]**	**2022 Audited**	**2022-23 Adopted Budget[2]**
Revenues					
Local property taxes levies	$445,591	$418,258	$532,835	$559,303	$469,908
Other local and county revenues	277,096	291,951	264,031	384,875	173,700
Revenues from state sources	5,074,892	5,480,365	5,296,496	5,407,042	5,610,259
Revenues from federal sources	185,401	226,141	649,022	695,931	922,700
Sales & other conversion of assets	0	7,920	6,605	0	0
Insurance recovery and other	126,586	0	0	0	0
Total Revenues	$6,109,566	$6,424,635	$6,748,989	$7,047,151	$7,176,568
Expenditures					
Current:					
District and school administration	$473,695	$463,351	$479,756	$476,180	$474,815
District support services	310,135	280,189	284,117	304,331	371,598
Regular instruction	3,006,818	2,740,001	3,092,798	3,438,642	3,373,457
Vocational instruction	76,235	109,977	72,001	117,157	120,142
Special education instruction	1,031,181	1,119,096	1,053,490	1,305,829	1,416,921
Instructional support services	235,176	241,650	315,877	365,332	382,447
Pupil support services	346,521	387,026	449,723	469,380	702,917
Sites and buildings	1,764,256	509,666	509,690	644,963	1,245,958
Fiscal and other fixed cost programs	42,357	49,525	68,876	60,926	0
Capital outlay	0	134,089	196,192	354,439	146,068
Debt service	0	46,333	34,819	21,205	0
Total Expenditures	$7,286,374	$6,080,903	$6,557,339	$7,558,384	$8,234,323
Excess of revenues over (under) expenditures	($1,176,808)	$343,732	$191,650	($511,233)	($1,057,755)
Other Financing Sources (Uses)					
Insurance recovery	$0	$0	$0	$26,075	$0
Loan/bond proceeds (refunding)	1,050,916	0	0	0	0
Operating transfers in	0	0	700,000	0	0
Operating transfers out	(26,284)	(9,302)	0	0	0
Total Other Financing Sources (Uses)	$1,024,632	($9,302)	$700,000	$26,075	$0
Net changes in Fund Balances	($152,176)	$334,430	$891,650	($485,158)	($1,057,755)
General Fund Balance July 1	$226,132	$73,956	$460,900	$1,352,550	
Change in accounting principle	0	11,228	0	0	
Prior period adjustments	0	41,286	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	$73,956	$460,900	$1,352,550	$867,392	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$8,555	$40,365	$15,511	$19,931	
Restricted	202,907	1,250,872	376,245	437,323	
Assigned	16,459	16,459	16,459	0	
Unassigned	(153,965)	(846,796)	944,335	410,138	
Total	$73,956	$460,900	$1,352,550	$867,392	

1 As provided for in Laws of Minnesota, First Special Session, chapter 8, article 1, section 4, the district was authorized to permanently transfer up to $800,000 from its debt redemption fund to its undesignated general fund balance on June 30, 2021. This fund transfer was required to be accompanied by documentation to the Commissioner of the Minnesota Department of Education that the fund transfer will help the district regain an ongoing positive general fund balance.

2 The 2022-23 budget was adopted on June 13, 2022.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 3,420 and a 2021 population estimate of 3,480, and comprising an area of 154.85 square miles, is located approximately 70 miles northwest of the Minneapolis-St. Paul metropolitan area on State Highway 23.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 333 (Ogilvie)	Elementary and secondary education	114
Casey's	Gas station and convenience store	25
Ogilvie Raceway	Race track and stadium arena	15
McBees Supper Club & Lounge	Full service restaurant	14
Federated Coop Inc.	Ag Supplies and fuel	12
Hass Construction	Roads and excavating	11
Signe and Olivia's	Assisted living	10
Dollar General	Grocery and merchandise	9
Mercer Health	Health services	8
Wahlstrom Machine	Machine shops	7

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

[1] This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	3,575
2020 U.S. Census population	3,420
Percent of Change 2010 - 2020	-4.34%
2021 State Demographer Estimate	3,480

Income and Age Statistics

	The District	Kanabec County	State of Minnesota	United States
2021 per capita income	$29,140	$30,867	$41,204	$37,638
2021 median household income	$65,756	$60,982	$77,706	$69,021
2021 median family income	$74,938	$75,072	$98,356	$85,028
2021 median gross rent	$958	$816	$1,081	$1,163
2021 median value owner occupied units	$182,200	$175,100	$250,200	$244,900
2021 median age	45.5 yrs.	45.2 yrs.	38.2 yrs.	38.4 yrs.

	State of Minnesota	United States
District % of 2021 per capita income	70.72%	77.42%
District % of 2021 median family income	76.19%	88.13%

Source: 2010 and 2020 Census of Population and Housing, and 2021 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (https://data.census.gov/cedsci).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	**Kanabec County**	**Kanabec County**	**State of Minnesota**
2018	8,471	5.8%	3.1%
2019	8,613	6.2%	3.4%
2020	8,412	8.3%	6.3%
2021	8,415	5.3%	3.4%
2022, November	8,667	3.6%	2.0%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

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

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

bergankdv

Independent School District No. 333
Ogilvie, Minnesota

Basic Financial Statements

June 30, 2022

bergankdv.com // DO MORE.

Independent School District No. 333
Table of Contents

Board of Education and Administration 1

Independent Auditor's Report 2

Management's Discussion and Analysis 5

Basic Financial Statements
Government-Wide Financial Statements
Statement of Net Position 20
Statement of Activities 21
Fund Financial Statements
Balance Sheet – Governmental Funds 22
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds 23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds 25
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund 26
Statement of Net Position – Proprietary Funds 27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Proprietary Funds 28
Statement of Cash Flows – Proprietary Funds 29
Notes to Basic Financial Statements 31

Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios 64
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability – General Employees Retirement Fund 65
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability – TRA Retirement Fund 65
Schedule of District Contributions – General Employees Fund Retirement Fund 66
Schedule of District Contributions – TRA Retirement Fund 66
Notes to the Required Supplementary Information 67

Supplementary Information
Combining Balance Sheet – Nonmajor Governmental Funds 75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 76
Uniform Financial Accounting and Reporting Standards Compliance Table 77
Schedule of Expenditures of Federal Awards 78
Notes to the Schedule of Expenditures of Federal Awards 79

Independent School District No. 333
Table of Contents

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Basic Statements Performed in Accordance with *Government Auditing Standards* 81

Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance 83

Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance 86

Minnesota Legal Compliance 89

Independent School District No. 333
Board of Education and Administration
June 30, 2022

Board of Education	Position
Josh Smith	Chairperson
Nathan Koenings	Vice Chairperson
Kathy Beck	Clerk
Casey Heins	Treasurer
Miranda Vice	Director
Tim Peterson	Director
Administration	
Kathy Belsheim	Superintendent
Laurie Torgeson	Business Manager

Independent Auditor's Report

To the School Board
Independent School District No. 333
Ogilvie, Minnesota

Report on the Audit of the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 333, Ogilvie, Minnesota, as of and for the year ended June 30, 2022, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 333, Ogilvie, Minnesota, as of June 30, 2022, and the respective changes in financial position and where applicable cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 333 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Implementation of GASB 87

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 333 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
December 5, 2022

This section of Independent School District No. 333's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021-2022 include the following:

- Total General Fund revenues were $7,047,151 and total General Fund expenditures were $7,558,384 for the fiscal year ended June 30, 2022. Total revenues and expenditures for all governmental funds combined were $9,022,856 and $11,314,608, respectively.
- The total fund balance in the General Fund decreased by $485,158 to $867,392. The unassigned fund balance in the General Fund decreased by $534,197 to $410,138. Total General Fund revenues were 4.8% lower than the final budget, and total General Fund expenditures were 12.3% less than the final budget.
- The total fund balance in the Food Services fund increased by $196,912 to $365,143, with revenue of $772,525 and expenditures of $575,613.
- Community Service programs offered by the District generated revenue of $223,573 and expenditures of $217,426 for the fiscal year. The total fund balance in the Community Services fund is $50,155.
- The District has general obligation bonded debt principal outstanding in the amount of $7,362,503 as of June 30, 2022. This is a decrease of $358,568 from the previous fiscal year end.
- Net position of governmental activities increased by $101,216 for the fiscal year. The total expense of governmental activities was $8,921,842. Program revenues totaled $3,528,297 and general revenues totaled $5,494,761.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

DISTRICT-WIDE STATEMENTS

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown as Governmental activities:

- Governmental activities - Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services and community education. Property taxes and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds - focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

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

The District has two kinds of funds:

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

- **Proprietary funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's sole Proprietary fund is an internal service fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position

The District's combined net position from Governmental activities was $2,025,760 on June 30, 2022, an increase of 5.3% (See Table A-1). Total assets and deferred outflows of resources decreased by approximately $2.5 million or 11.8%. Capital assets increased by $1.8 million as the District's capital outlay expenses exceeded depreciation expense in the current fiscal year. Total liabilities decreased by approximately $3.8 million or 25.2% due primarily to a decrease in the pension liability.

Table A-1
Net Position - Governmental Activities

	Year Ended 2022	Year Ended 2021	Percentage Change
Assets			
Current and other assets	$ 4,961,900	$ 9,241,019	-46.31%
Capital assets	11,845,353	10,079,381	17.52%
Total assets	16,807,253	19,320,400	-13.01%
Deferred Outflows of Resources	1,858,203	1,835,712	1.23%
Total assets and deferred outflows of resources	$ 18,665,456	$ 21,156,112	-11.77%
Liabilities			
Other liabilities	$ 650,037	$ 2,648,452	-75.46%
Long-term liabilities	10,597,260	12,378,092	-14.39%
Total liabilities	$ 11,247,297	$ 15,026,544	-25.15%
Deferred Inflows of Resources	$ 5,392,399	$ 4,205,024	28.24%
Net Position			
Net investment in capital assets	$ 6,395,681	$ 6,886,881	-7.13%
Restricted	1,686,650	947,037	78.10%
Unrestricted	(6,056,571)	(5,909,374)	-2.49%
Total net position	$ 2,025,760	$ 1,924,544	5.26%

Changes in net position

The District's total revenues were $9,023,058 for the year ended June 30, 2022. Property taxes and state formula aid accounted for 61% of total revenue for the year (See Figure A-1). 39% of total revenue came from program revenues.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in net position (Continued)
The total cost of all programs and services was $8,921,842. The District's expenses are predominantly related to educating and caring for students (See Figure A-2). The purely administrative activities of the District accounted for just 5% of total costs.

Table A-2
Change in Net Position

	Year Ended 2022	Year Ended 2021	Percentage Change
Revenues			
Program revenues			
Charges for services	$ 320,160	$ 187,287	70.95%
Operating grants and contributions	3,115,661	3,096,793	0.61%
Capital grants and contributions	92,476	141,826	-34.80%
General revenues			
Property taxes	967,999	1,044,468	-7.32%
State aid-formula grants	4,516,117	4,076,765	10.78%
Investment earnings	10,645	3,694	188.17%
Total revenues	9,023,058	8,550,833	5.52%
Expenses			
Administration	466,713	491,577	-5.06%
District support services	296,816	279,135	6.33%
Elementary and secondary regular instruction	3,248,154	3,235,222	0.40%
Vocational education instruction	110,312	73,719	49.64%
Special education instruction	1,245,133	1,093,547	13.86%
Instructional support services	332,506	297,763	11.67%
Pupil support services	607,118	469,605	29.28%
Sites and buildings	1,288,182	1,000,310	28.78%
Fiscal and other fixed cost programs	100,911	106,903	-5.61%
Food service	567,406	519,387	9.25%
Community education and services	205,847	201,529	2.14%
Unallocated depreciation	313,680	313,681	0.00%
Interest and fiscal charges on long-term debt	139,064	347,133	-59.94%
Total expenses	8,921,842	8,429,511	5.84%
Increase (decrease) in net position	101,216	121,322	-16.57%
Net Position			
Net position - beginning	1,924,544	1,803,222	6.73%
End of year	$ 2,025,760	$ 1,924,544	-5.26%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Figure A-1
Source of Revenues for Fiscal Year 2022

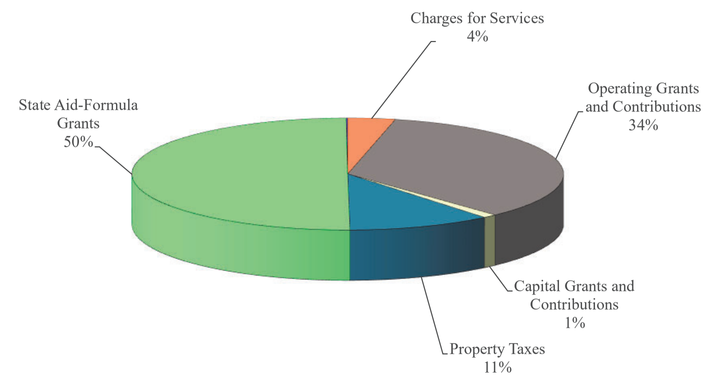
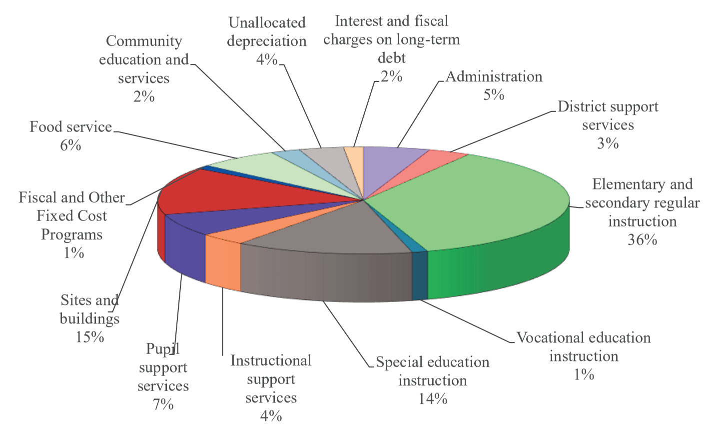


Figure A-2
Expenses for Fiscal Year 2022



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

- The net cost of all governmental services was $5,393,545, an increase of 7.8% during the year.
- The federal and state governments subsidized certain programs with grants and contributions of $3,208,137, a decrease of 0.9% compared to the prior year.
- A good portion of the District's costs $5,484,116 were paid for by District taxpayers and the taxpayers of the State of Minnesota.

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services 2022	Total Cost of Services 2021	Percentage Change	Net Cost of Services 2022	Net Cost of Services 2021	Percentage Change
Administrative	$ 466,713	$ 491,577	-5.06%	$ 466,713	$ 491,577	-5.06%
District support services	296,816	279,135	6.33%	293,445	278,841	5.24%
Elementary and secondary regular instruction	3,248,154	3,235,222	0.40%	2,103,982	2,264,540	-7.09%
Vocational education instruction	110,312	73,719	49.64%	110,312	73,719	49.64%
Special education instruction	1,245,133	1,093,547	13.86%	601,243	261,383	130.02%
Instructional support services	332,506	297,763	11.67%	218,550	188,792	15.76%
Pupil support services	607,118	469,605	29.28%	157,571	(18,936)	-932.12%
Sites and buildings	1,288,182	1,000,310	28.78%	1,082,519	735,154	47.25%
Fiscal and other fixed cost programs	100,911	106,903	-5.61%	94,411	104,103	-9.31%
Food service	567,406	519,387	9.25%	(204,882)	(48,343)	323.81%
Community education and services	205,847	201,529	2.14%	16,937	11,961	41.60%
Unallocated depreciation	313,680	313,681	0.00%	313,680	313,681	0.00%
Interest and fiscal charges on long-term debt	139,064	347,133	-59.94%	139,064	347,133	-59.94%
Total	$ 8,921,842	$ 8,429,511	5.84%	$ 5,393,545	$ 5,003,605	7.79%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year its governmental funds reported a combined fund balance of $3,398,818, which is a decrease of $2,265,677 from the prior year fund balance. Revenues for the District's governmental funds were $9,022,856, total expenditures were $11,314,608, and other sources provided $26,075.

The fund balance of the General Fund decreased by $485,158. The operations of the other governmental funds: Food Service, Community Service, Building Construction, and Debt Service funds resulted in a decrease in fund balance of $1,780,519.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from early childhood through grade 12 including pupil transportation activities and operating capital expenditures.

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Revenues.

Table A-4
General Fund Revenues

	Year Ended June 30, 2022	Year Ended June 30, 2021	Change Increase (Decrease)	Change Percent Change
Local property taxes	$ 559,303	$ 532,835	$ 26,468	5.0%
Revenue from state sources	5,407,042	5,296,496	110,546	2.1%
Revenue from federal sources	695,931	649,022	46,909	7.2%
Other	384,875	270,636	114,239	42.2%
Total	$ 7,047,151	$ 6,748,989	$ 298,162	4.4%

Total General Fund revenue of $7,047,151 increased by $298,162, or 4.4%, compared to the previous year. Basic general education revenue is determined by the state per student funding formula and consists of state aid revenue. Other state-authorized revenue including excess levy referendum and operating capital involve an equalized mix of property tax and state aid revenue.

The following schedule presents a summary of General Fund expenditures.

Table A-5
General Fund Expenditures

	Year Ended June 30, 2022	Year Ended June 30, 2021	Change Increase (Decrease)	Change Percent Change
Salaries	$ 4,529,498	$ 3,975,820	$ 553,678	13.9%
Employee benefits	1,251,877	1,067,292	184,585	17.3%
Purchased services	719,969	693,698	26,271	3.8%
Supplies and materials	633,432	535,620	97,812	18.3%
Capital expenditures	354,439	196,192	158,247	80.7%
Debt service expenditures	21,205	34,819	(13,614)	-39.1%
Other expenditures	47,964	53,898	(5,934)	-11.0%
Total	$ 7,558,384	$ 6,557,339	$ 1,001,045	15.3%

The total General Fund expenditures of $7,558,384 was an increase of $1,001,045 or 15.3% over the prior year. Capital expenditure costs increased by $158,247 or 80.7%, from the prior year based on the amount of building and construction expenditures.

In 2021-2022, General Fund expenditures exceeded revenues by $511,233 which was $704,551 better than budget. Revenue received was $654,960 lower than budgeted and expenditures were $1,059,511 less than budgeted. Expenditures were less than budgeted in several areas, including Regular Instruction, Special Education Instruction, and Sites and Buildings.

FOOD SERVICE FUND

The Food Service Fund accounts for the activities related to providing nutrition services to the K-12 academic program. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the District. By operating in this manner, the Student Nutrition Services program is self-contained and does not pull resources away from direct K-12 instruction.

The fund balance increased by $196,912 in 2021-2022. Food Service Fund revenue for 2021-2022 totaled $772,525 which is an increase of $204,764 from 2020-2021. Food Service Fund expenditures for 2021-2022 totaled $575,613, an increase of $49,763 from 2020-2021.

COMMUNITY SERVICE FUND

The Community Service Fund accounts for the activities related to providing education services for Pre-Kindergarten students. The fund operates on a principle of breaking even on a year-to-year basis so that it does not pull resources away from K-12 instruction.

The fund balance increased by $6,147 in 2021-2022. Community Service Fund revenues for 2021-2022 totaled $223,573. This was a decrease of $1,461 from 2020-2021. Community Service Fund expenditures for 2021-2022 totaled $217,426. This was an increase of $23,170 from 2020-2021.

The entire fund balance is restricted to be used for specific purposes based on state requirements.

BUILDING CONSTRUCTION FUND

The Building Construction Fund accounts for the costs of school construction, addition, and renovation projects. Bond proceeds are deposited in the Building Construction Fund and are then drawn down as the payments are made for work completed on the various building projects. The proceeds of bonds can only be used for the purpose for which the bonds were issued.

The District expended $2,440,225 on capital projects at several sites as planned. The fund balance decreased by $2,432,463 in 2021-2022 to $1,260,108 at June 30, 2022. At such time that the District has completed all construction projects in process, the fund balance of this fund should end up at $0 as long as no further construction or facility renovation is approved.

DEBT SERVICE FUND

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the District to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

DEBT SERVICE FUND (CONTINUED)

Debt service revenue was $847,805 for 2021-2022, 31% of which came from property tax revenue. Debt service expenditures were $404,906. The District made principal payments in the amount of $258,000 and interest and fiscal charge payments of $146,906. The Debt Service Fund has a fund balance of $840,540 as of June 30, 2022, which is restricted to be used for future debt payments.

The Minnesota Department of Education monitors fund balances in the Debt Service Fund and limits the amount of funds that can be carried forward. If the fund balance gets too high, future levy authority will be reduced in order to reduce the debt service fund balance to a reasonable level. Fund balance and collection of tax levies will provide adequate cash flow for timely payment of principal and interest.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022, the District had invested $25,279,756 in a broad range of capital assets including: school buildings, land, and other equipment for various instructional programs (see Table A-6). Accumulated depreciation/amortization as of June 30, 2022, was $13,434,403, with current year depreciation/amortization expense for Governmental Activities totaling $591,623. See Note 4 to the basic financial statements for additional information.

Table A-6
Capital Assets

	Year Ended 2022	Year Ended 2021	Percent Change
Land	$ 9,480	$ 9,480	0.0%
Construction in progress	3,960,833	1,829,321	116.5%
Land improvements	1,372,870	1,365,731	0.5%
Buildings and improvements	16,222,896	16,209,400	0.1%
Machinery and equipment	3,606,684	3,508,229	2.8%
Leased equipment	106,993	-	N/A
Less accumulated depreciation/amortization	(13,434,403)	(12,842,780)	4.6%
Total capital assets	$ 11,845,353	$ 10,079,381	17.5%

Long-Term Liabilities

For the fiscal year ended June 30, 2022, the District had $10,597,260 in long-term liabilities outstanding, including $7,362,503 in General Obligation Bonds. The decrease in total long-term liabilities was $1,780,832 or 14.4% from last year (see Table A-7). The change was primarily the result of a decrease in the net pension liability. See Notes 5, 7 and 8 for additional information.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities (Continued)

Table A-7
Long-Term Liabilities

	Year Ended 2022	Year Ended 2021	Percent Change
General obligation bonds	$ 7,362,503	$ 7,721,071	-4.6%
Lease liability	89,277	-	N/A
Net pension liability	2,718,922	4,198,368	-35.2%
Total OPEB liability	305,007	365,050	-16.4%
Compensated absences payable	121,551	93,603	29.9%
Total long-term liabilities	$ 10,597,260	$ 12,378,092	-14.4%
Long-term liabilities			
Due within one year	$ 411,920	$ 361,360	
Due in more than one year	10,185,340	12,016,732	
Total	$ 10,597,260	$ 12,378,092	

FACTORS BEARING ON THE DISTRICT'S FUTURE

In FY 15-16, our District received Small Schools Revenue from the State, in the amount of $130,124, $130,375 in FY16-17, $130,187 in FY17-18, $128,054 in FY18-19, $129,671 in FY19-20, $129,271 in FY20-21 and $129,494.39 in FY21-22. The District saw a small decrease in enrollment in FY20-21, but we suspected the COVID-19 pandemic contributed to that decline. The District saw small increases in enrollment this year! Enrollment does continue to be a concern; funds were lost during declining enrollment years and the return to a traditional classroom structure in our Ogilvie Elementary.

The District submitted a plan to the State, and was approved, to implement Q-Comp in the District during the 2012-2013 school year. While this doesn't greatly affect the financial bearing of our District, it offers financial incentives to our teaching staff based on their classroom instruction evaluation process, participation in Professional Learning Communities (PLCs) and student performance on academic achievement assessments. Teacher leader positions are also available in the areas of PLC facilitators and peer observers. The 2021-22 school year was the District's thirteenth year operating with a 4-Day School Week structure. The District worked through the legislative process, along with other 4-Day Week districts, to obtain local authority to continue the 4-Day Week structure through the 2022-2023 school year; bearing that process demonstrates continued success. Success is determined by adequate progress towards the District's World's Best Workforce goal attainment.

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

Returning to a Traditional 5-Day School Week schedule would place additional financial burden of approximately $150,000 per year on the District. The initial reason for the change to the 4-Day School Week was the potential financial savings to the District.

Legislature provided an opportunity for districts without a referendum in place, or with a small referendum in place, to levy for up to $300 per student, with Board authority. Our Board elected to take advantage of this opportunity. As a result, we gained $177,060 in referendum revenue. These funds were available to us in FY 14-15. Subsequent legislation has provided districts with an additional opportunity to access "Local Optional Revenue" or "LOR" in the amount of an additional $424 per student. Our School Board also accepted this revenue support; maximizing the State Aid available to our District. The funds were first available to districts in fiscal year 15-16, and will continue to be available in future years. The District has no voter approved referendum in place at this time, but we are hopeful that an in election in 2022 will bring positive results!

Capital Loan Districts have been able to take advantage of the One Day Loan process, making it possible for districts to retain any excess debt service funds levied for the purpose of paying the General Obligation School Building Bond payments. In recent years, this process has made it possible for the district to retain funds in amounts ranging from $73,000 to $200,000+ per year, to be used for betterment of our facilities. Legislative action of 2016 removed the authority of Capital Loan Districts to take advantage of the One Day Loan process, which made it possible for districts to retain any excess debt service funds levied for the purpose of paying the General Obligation School Building Bond payments. These excess tax funds must now be returned to the State. The District has come to rely on these funds in years of declining enrollment, and will struggle financially without them.

Legislature made the decision in FY 15-16 that Capital Loan Districts would no longer, after FY 16-17, be allowed to utilize the One Day Bond process, without first obtaining One Day Bond authority, through an election where the ballot stated, "a YES vote will increase your taxes." Legislation passed in 2017. However as a result of that legislation, excess tax dollars were returned to the tax payers as credits to taxes paid for debt; thus reducing their taxes payable. The Ogilvie School District determines what portion of the aid will be returned to its taxpayers each year, for up to the next 20 years. These tax credits reduce the taxes paid for debt, giving our tax payers some tax relief, but putting our District in a financial bind! The excess tax dollars, once retained by the District through the One Day Bond process, are now returned to the taxpayers, rather than the District being able to retain them. The District has relied heavily on those funds in past years to balance the District's budget, using those funds for necessary equipment, curriculum, bus purchases, etc. for the betterment of the facility.

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

Legislative decisions regarding the funding of Special Education; specifically funding of the cross subsidy costs, are going to be an important factor to the Ogilvie Public School District going forward, as the population of students in our Special Education programs continues to increase (21.8% in 2021-22), and the needs of those students increase as well. In FY18-19, we piloted a Level III Early Childhood Special Education Program to serve students ages 3-6 in need of services in addition to those offered in our regular Special Education classrooms. This program was not in operation in 2021-22; instead, the STAR Program was implemented.

The District's Maximum Effort Capital Loan was forgiven on April 27, 2020. Ogilvie School District taxpayers experienced some tax relief with their calendar year 2021 taxes. The District secured a LTFM (Long Term Facilities Maintenance) Bond to complete a health and safety indoor air quality project in the school building.

The District received Legislative authority to make a one-time transfer of debt excess funds in an "amount not to exceed $800,000," into the General Fund, for operating funds, in fiscal year 20-21. This transfer has assured the District's positive fund balance through FY22.

Future referenda and legislative decisions will dictate the future of Ogilvie Public Schools' financial health and long-range planning. Flat/Variable enrollment continues to be a concern with the District's incoming Kindergarten classes smaller than the graduating classes during a number of previous years. Over the 10 years prior to year 2016, student enrollment has declined by approximately 140 students. There were small enrollment increases in FY18-19, but in FY19-20 and FY20-21 we saw a slight decline in enrollment. We suspect the COVID-19 Pandemic was likely the cause for this decline. The COVID-19 Pandemic has made enrollment predictions difficult for future years, as some families have chosen to home school their children during the pandemic, and it is uncertain whether or not those students will return to Ogilvie Public Schools. We are cautiously optimistic that our enrollment will continue with an upward trend following the pandemic. We saw a slight increase in enrollment in FY21-22.

A roof replacement cycle began in the summer of 2011, with replacement of the main gym roof, north gym, pool area, two shop areas, and maintenance where necessary. In the spring of 2013, the District sold Capital Facilities Bonds in the amount of $499,000, which will be paid back over the next ten years. Those bonds enabled us to replace another large section of the roof. Continued roof replacement has become a high priority need of the District's 10 Year Long Term Facility Maintenance Plan. Late in June 2018, the District secured a Long Term Facilities Maintenance Bond to replace the additional original sections of the roof that were most in need. Proceeds of the bond were received in early July, and the work on the roof was completed in the fall of 2018.

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

Grades 6 through 8 have implemented "Middle Level Programming", hoping to better meet the students' needs and prepare them for their transition to High School. We have continued Middle Level Programming in the areas of math, science, social studies, and language arts. By doing this, the students are able to get acclimated to the high school experience by having exposure to a larger variety of teachers, and we are able to offer programs maximizing the licensed areas of teachers, without hiring additional staff.

The District also implemented a successful on-site PSEO (Post-Secondary Education Options) program beginning in FY17-18. This program provides the opportunity for students to earn college course credits while remaining enrolled as Ogilvie School District Students. This program provides the District with continued revenues (ADMs) for student enrollment.

In FY18-19, the District implemented an ALP (Alternative Learning Program), which is another way Ogilvie students can continue to be enrolled in Ogilvie Schools, while working through the ALP Program to make up credits needed to graduate with their class. This program provides the District with continued revenues (ADMs) for student enrollment.

In FY 20-21, due to COVID-19, the District offered Distance Learning, Hybrid Learning (50% capacity of students in classrooms) for secondary students and In-Person Learning (incorporated 6 ft. social distancing in classrooms) for elementary students. The District operated two bus rotations (elementary and secondary) both morning and afternoon, to implement 50% capacity. In FY 21-22, students returned to a Safe School Plan of all In-Person Learning throughout the year. The American Rescue Plan and COVID-19 ESSER (Elementary and Secondary School Emergency Relief) funding assisted the District's extra expenses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 333, 333 School Dr, Ogilvie, Minnesota 56358.

BASIC FINANCIAL STATEMENTS

Independent School District No. 333
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and investments	$ 3,627,407
Cash with fiscal agent	73
Current property taxes receivable	511,666
Delinquent property taxes receivable	27,639
Accounts receivable	23,564
Due from Department of Education	521,078
Due from Federal Government through Department of Education	173,078
Due from Federal Government - direct	11,300
Due from other Minnesota school districts	685
Inventory	45,479
Prepaid items	19,931
Capital assets not being depreciated	
Land	9,480
Construction in progress	3,960,833
Capital assets being depreciated	
Land improvements	1,372,870
Buildings	16,222,896
Machinery and equipment	3,606,684
Less accumulated depreciation	(13,416,226)
Leased assets being amortized	
Equipment	106,993
Less accumulated amortization	(18,177)
Total assets	16,807,253
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	1,761,215
Deferred outflows of resources related to OPEB	96,988
Total deferred outflows of resources	1,858,203
Total assets and deferred outflows of resources	$ 18,665,456
Liabilities	
Accounts payable	$ 38,259
Salaries and benefits payable	554,804
Interest payable	55,913
Unearned revenue	1,061
Bond principal payable	
Payable within one year	380,000
Payable after one year	6,982,503
Lease liability	
Payable within one year	19,765
Payable after one year	69,512
Compensated absences payable	
Payable within one year	12,155
Payable after one year	109,396
Net pension liability	2,718,922
Total OPEB liability	305,007
Total liabilities	11,247,297
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	909,001
Deferred inflows of resources related to pensions	4,425,436
Deferred inflows of resources related to OPEB	57,962
Total deferred inflows of resources	5,392,399
Net Position	
Net investment in capital assets	6,395,681
Restricted for	
Debt service	815,137
Other purposes	871,513
Unrestricted	(6,056,571)
Total net position	2,025,760
Total liabilities, deferred inflows of resources, and net position	$ 18,665,456

See notes to basic financial statements.

Independent School District No. 333
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities					
Administration	$ 466,713	$ -	$ -	$ -	$ (466,713)
District support services	296,816	-	3,371	-	(293,445)
Elementary and secondary regular instruction	3,248,154	152,465	991,707	-	(2,103,982)
Vocational education instruction	110,312	-	-	-	(110,312)
Special education instruction	1,245,133	5,260	638,630	-	(601,243)
Instructional support services	332,506	-	113,956	-	(218,550)
Pupil support services	607,118	-	449,547	-	(157,571)
Sites and buildings	1,288,182	26,075	87,112	92,476	(1,082,519)
Fiscal and other fixed cost programs	100,911	-	6,500	-	(94,411)
Food service	567,406	28,463	743,825	-	204,882
Community education and services	205,847	107,897	81,013	-	(16,937)
Unallocated depreciation	313,680	-	-	-	(313,680)
Interest and fiscal charges on long-term debt	139,064	-	-	-	(139,064)
Total governmental activities	$ 8,921,842	$ 320,160	$ 3,115,661	$ 92,476	(5,393,545)
General revenues and Special Item					
Taxes					
Property taxes, levied for general purposes					558,696
Property taxes, levied for community service					34,503
Property taxes, levied for debt service					374,800
State aid-formula grants					4,516,117
Investment income					10,645
Total general revenues					5,494,761
Change in net position					101,216
Net position					1,924,544
Net position - ending					$ 2,025,760

See notes to basic financial statements.

Independent School District No. 333
Balance Sheet - Governmental Funds
June 30, 2022

	General	Debt Service	Building Construction	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments	$ 938,267	$ 944,016	$ 1,260,108	$ 452,698	$ 3,595,089
Cash with fiscal agent	-	-	-	73	73
Current property taxes receivable	265,905	163,054	-	82,707	511,666
Delinquent property taxes receivable	11,665	11,408	-	4,566	27,639
Accounts receivable	22,964	-	-	600	23,564
Due from Department of Education	497,164	17,568	-	6,346	521,078
Due from Federal Government through Department of Education	140,733	-	-	32,345	173,078
Due from Federal Government - direct	11,300	-	-	-	11,300
Due from other Minnesota school districts	685	-	-	-	685
Inventory	-	-	-	45,479	45,479
Prepaid items	19,931	-	-	-	19,931
Total assets	$ 1,908,614	$ 1,136,046	$ 1,260,108	$ 624,814	$ 4,929,582
Liabilities					
Accounts payable	$ 38,259	$ -	$ -	$ -	$ 38,259
Salaries and benefits payable	528,613	-	-	26,191	554,804
Unearned revenue	-	-	-	1,061	1,061
Total liabilities	566,872	-	-	27,252	594,124
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	462,685	284,098	-	162,218	909,001
Unavailable revenue - delinquent taxes	11,665	11,408	-	4,566	27,639
Total deferred inflows of resources	474,350	295,506	-	166,784	936,640
Fund Balances					
Nonspendable	19,931	-	-	45,479	65,410
Restricted	437,323	840,540	1,260,108	403,247	2,941,218
Unassigned	410,138	-	-	(17,948)	392,190
Total fund balances	867,392	840,540	1,260,108	430,778	3,398,818
Total liabilities, deferred inflows of resources, and fund balances	$ 1,908,614	$ 1,136,046	$ 1,260,108	$ 624,814	$ 4,929,582

See notes to basic financial statements.

Independent School District No. 333
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2022

Total fund balances - governmental funds	$ 3,398,818
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	25,172,763
Less accumulated depreciation	(13,416,226)
Leased assets	106,993
Less accumulated amortization	(18,177)
The OPEB internal service fund is used to charge the benefits to the fund that incurs the cost. Therefore, this amount represents assets available to fund the liabilities.	32,318
Long-term liabilities, including bonds payable, are not due and payable in the current period and, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(7,241,000)
Premium on bonds payable	(121,503)
Lease liability	(89,277)
Compensated absences payable	(121,551)
Total OPEB liability	(305,007)
Net pension liability	(2,718,922)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	1,761,215
Deferred inflows of resources related to pensions	(4,425,436)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences related to OPEB that are not recognized in the governmental funds.	
Deferred outflows of resources related to OPEB	96,988
Deferred inflows of resources related to OPEB	(57,962)
Delinquent property taxes receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	27,639
Governmental funds do not report a liability for accrued interest on bonds and capital leases until due and payable.	(55,913)
Total net position - governmental activities	$ 2,025,760

Independent School District No. 333
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2022

	General	Debt Service	Building Construction	Nonmajor Funds	Total Governmental Funds
Revenues					
Local property taxes	$ 559,303	$ 259,372	$ -	$ 154,750	$ 973,425
Other local and county revenues	384,875	807	7,762	136,449	529,893
Revenue from state sources	5,407,042	587,626	-	174,636	6,169,304
Revenue from federal sources	695,931	-	-	625,840	1,321,771
Sales and other conversion of assets	-	-	-	28,463	28,463
Total revenues	7,047,151	847,805	7,762	1,120,138	9,022,856
Expenditures					
Current					
Administration	476,180	-	-	-	476,180
District support services	304,331	-	-	-	304,331
Elementary and secondary regular instruction	3,438,642	-	-	-	3,438,642
Vocational education instruction	117,157	-	-	-	117,157
Special education instruction	1,305,829	-	-	-	1,305,829
Instructional support services	365,332	-	-	-	365,332
Pupil support services	469,380	-	-	-	469,380
Sites and buildings	644,963	-	5,251	-	650,214
Fiscal and other fixed cost programs	60,926	-	-	-	60,926
Food service	-	-	-	575,613	575,613
Community education and services	-	-	-	217,426	217,426
Capital outlay					
Elementary and secondary regular instruction	6,909	-	-	-	6,909
Vocational education instruction	685	-	-	-	685
Pupil support services	128,704	-	-	-	128,704
Sites and buildings	218,141	-	2,434,974	-	2,653,115
Debt service					
Principal	17,716	258,000	-	94,000	369,716
Interest and fiscal charges	3,489	146,906	-	24,054	174,449
Total expenditures	7,558,384	404,906	2,440,225	911,093	11,314,608
Excess of revenues over (under) expenditures	(511,233)	442,899	(2,432,463)	209,045	(2,291,752)
Other Financing Sources (Uses)					
Insurance recovery	26,075	-	-	-	26,075
Net change in fund balances	(485,158)	442,899	(2,432,463)	209,045	(2,265,677)
Fund Balances					
Beginning of year	1,352,550	397,641	3,692,571	221,733	5,664,495
End of year	$ 867,392	$ 840,540	$ 1,260,108	$ 430,778	$ 3,398,818

Independent School District No. 333
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds
Year Ended June 30, 2022

Net change in fund balances - total governmental funds	$ (2,265,677)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	2,250,602
Depreciation/amortization expense	(591,623)
The OPEB Revocable Trust proprietary fund is used to charge the benefits to the fund that incurs the cost. This amount represents the change in net position for the year.	(39,795)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(27,948)
OPEB are recognized as they are paid in the governmental funds but are recognized as the expense in incurred in the Statement of Activities	13,259
Governmental funds recognize pension contributions as expenditures at the time of payment whereas theStatement of Activities factors in items related to pensions on a full accrual perspective.	362,723
Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Net Position.	369,716
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it of when it is due.	28,817
Governmental funds report the effect of bond premiums when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	6,568
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(5,426)
Change in net position - governmental activities	$ 101,216

Independent School District No. 333
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Local property taxes	$ 468,952	$ 468,952	$ 559,303	$ 90,351
Other local and county revenues	207,797	270,064	384,875	114,811
Revenue from state sources	5,240,798	5,240,798	5,407,042	166,244
Revenue from federal sources	483,840	1,422,297	695,931	(726,366)
Total revenues	6,401,387	7,402,111	7,047,151	(354,960)
Expenditures				
Current				
Administration	480,298	480,318	476,180	(4,138)
District support services	363,353	374,133	304,331	(69,802)
Elementary and secondary regular instruction	3,646,330	3,733,628	3,438,642	(294,986)
Vocational education instruction	128,250	128,250	117,157	(11,093)
Special education instruction	1,284,038	1,413,318	1,305,829	(107,489)
Instructional support services	276,338	429,911	365,332	(64,579)
Pupil support services	424,736	486,695	469,380	(17,315)
Sites and buildings	598,393	683,524	644,963	(38,561)
Fiscal and other fixed cost programs	82,500	92,640	60,926	(31,714)
Capital outlay				
Elementary and secondary regular instruction	-	25,062	6,909	(18,153)
Vocational education instruction	3,000	3,000	685	(2,315)
Pupil support services	17,500	165,476	128,704	(36,772)
Sites and buildings	178,559	575,731	218,141	(357,590)
Debt service				
Principal	-	25,768	17,716	(8,052)
Interest and fiscal charges	441	441	3,489	3,048
Total expenditures	7,483,736	8,617,895	7,558,384	(1,059,511)
Excess of revenues over (under) expenditures	(1,082,349)	(1,215,784)	(511,233)	704,551
Other Financing Sources (Uses)				
Insurance recovery	-	-	26,075	26,075
Net change in fund balances	$ (1,082,349)	$ (1,215,784)	(485,158)	$ 730,626
Fund Balances				
Beginning of year			1,352,550	
End of year			$ 867,392	

Independent School District No. 333
Statement of Net Position - Proprietary Funds
June 30, 2022

	Governmental Activities - OPEB Revocable Trust Fund
Assets	
Cash and cash equivalents	$ 32,318
Net Position	
Unrestricted	$ 32,318

See notes to basic financial statements.

Independent School District No. 333
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended June 30, 2022

	Governmental Activities - OPEB Revocable Trust Fund
Operating Expenses	
Employee benefits	$ 38,981
Professional services	1,004
Total operating expenses	39,985
Operating income	(39,985)
Nonoperating Revenue	
Investment income	190
Change in net position	(39,795)
Net Position	
Beginning of year	72,113
End of year	$ 32,318

See notes to basic financial statements.

Independent School District No. 333
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2022

	Governmental Activities - OPEB Revocable Trust Fund
Cash Flows - Operating Activities	
Payments for benefits and services	$ (39,985)
Cash Flows - Investment Activities	
Interest received	190
Net change in cash and cash equivalents	(39,795)
Cash and Cash Equivalents	
Beginning of year	72,113
End of year	$ 32,318
Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating income	$ (39,985)

See notes to basic financial statements.

(THIS PAGE LEFT BLANK INTENTIONALLY)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a six member board elected by the voters of the District to serve four-year terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting Entity

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

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

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

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

B. Basic Financial Statement Information

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or 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 items not properly included among program revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund is employee and District contributions. Operating expenses for proprietary funds include claims paid. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Measurement Focus and Basis of Accounting

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

1. Revenue Recognition

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

2. Recording of Expenditures

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures (Continued)
The District applies restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available, and applies unrestricted funds in this order: committed, assigned, and unassigned.

Description of Funds:

Major Funds:

General Fund – This fund is the basic operating fund of the District and includes the general operations and pupil transportation activities of the District, as well as the capital related activities.

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

Building Construction Capital Projects fund – This fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Nonmajor Funds:

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

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

OPEB Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, other post-employment benefit general obligation (G.O.) bond principal, interest, and related costs.

Proprietary Funds:

OPEB Revocable Trust Fund – This fund is used to account for the financial resources relating to post-employment benefits.

D. Deposits and Investments
Cash and 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 individual funds based on the average of month-end cash and investment balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)
Cash and investments at June 30, 2022, were comprised of deposits, and various investments as outlined in Note 2.

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorizes the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

In accordance with GASB Statement No. 79, the various MSDLAF securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF Portfolio. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions.

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

F. Property Taxes Levied for Subsequent Year's Expenditures
Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2021, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2022. The remaining portion of the levy will be recognized when measurable and available.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes

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

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

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial individual cost of more than $1,000 with an estimated useful life in excess of one year. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation.

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

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 5 to 50 years.

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. Deferred outflows of resources related to pensions and deferred outflows of resources related to OPEB are reported in the government-wide Statement of Net Position. Deferred outflows of resources related to pensions is recorded for various estimate differences that will be amortized and recognized over future years. Deferred outflows of resources related to OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

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

L. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

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

M. Compensated Absences

Vacation pay and paid time off is earned at various rates by certain employees and accrued as compensated absences in the Statement of Net Position.

District employees are entitled to sick leave at various rates and qualify based on years of service. Certain employees are compensated for unused sick leave upon termination of employment; unused sick leave also enters into the calculation of some employee's severance pay.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Pensions

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

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

O. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ending June 30, 2022.

P. Fund Equity

1. Classification

In the fund financial statements, governmental funds report various levels of spending constraints.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact and include prepaid items and inventory.
- Restricted Fund Balances – These are subject to externally enforceable legal restrictions set by either statute or creditors.
- Committed Fund Balances – These are amounts that can be used for specific purposes pursuant to the constraint imposed by the School Board, the highest level of decision making authority. Such designations will be approved by a majority vote of the School Board.
- Assigned Fund Balances – These are amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The School Board, by majority vote, may assign fund balances to be used for a specific purpose when appropriate. The board also delegates the power to assign fund balances to the Business Manager and Superintendent.
- Unassigned Fund Balances – These are amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose in the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

2. Minimum Fund Balance Policy

The District will strive to construct an adequate unassigned General Fund balance of 10-15% of the annual budget.

Q. Net Position

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

R. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

S. Budgetary Information

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Prior to July 1, the School Board adopts an annual budget for the following year for the General, Food Service, Community Service, Building Construction, and Debt Service Funds. Reported budget amounts represent the amended budget as adopted by the School Board.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent, or such other school official as designated by the Superintendent, submits to the School Board prior to July 1, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Budget revisions are presented and approved by the School Board in the spring.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)
Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding Federal Deposit Insurance Corporation (FDIC), SAIF, BIF, FCUA, or other federal deposit coverage. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk because it was properly insured and collateralized.

The District's deposits had a book balance as listed below.

Checking - pooled	$ 739,639
Cash and deposit account - non-pooled	750,651
Cash with fiscal agent - checking - non-pooled	73
Total deposits	$ 1,490,363

B. Investments
As of June 30, 2022, the District had the following investments:

	Investment Maturity (In Years)		
Investment Type	Fair Value	Less than 1 Year	Ratings
Pooled			
MSDLAF	$ 409,476	$ 409,476	AAAm
MSDLAF - MAX	769,161	769,161	AAAm
Non Pooled - Capital Projects			
Mutual Funds	$ 180,000	$ 180,000	N/A
U.S. Treasury Notes	746,162	746,162	AAA
Non Pooled OPEB Money Market	32,318	32,318	N/A
Total	$ 2,137,117	$ 2,137,117	

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy refers to *Minnesota Statutes* 118A.04 through 118A.05. *Minnesota Statutes* limit investments to those in the top two ratings issued by nationally recognized statistical rating organizations. The District will minimize credit risk by limiting investments to those allowed by statutory constraints. As of June 30, 2022, the District's investments were rated as noted in the table above.

Interest Rate Risk: This is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The District's investment policy states the portfolio shall be managed in a manner to attain a market rate of return through budgetary and economic cycles while preserving and protecting capital in the overall portfolio. Investment maturities shall be scheduled to coincide with projected cash flow needs.

Independent School District No. 333
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)
Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy on custodial credit risk states securities well be held in third party safekeeping by an institution designated as custodial agent. The custodial agent shall issue a safe keeping receipt to the District listing pertinent information related to the securities held.

Concentration of Credit Risk: The District's investment policy places no specific limit on the amount the District may invest in any one issuer. It does state the District shall diversify its investments to avoid incurring unreasonable risk inherent in over investing in specific investments individual financial institutions or maturities.

The District has the following recurring fair value measurements as of June 30, 2022:

- Investments of $180,000 are valued using a quoted market prices (Level 1 inputs)
- Investments of $778,480 are valued using a matrix pricing model (Level 2 inputs)
- Investments of $1,178,637 are valued using amortized cost

Below is a summary of total deposits and investments:

Deposits (Note 2.A.)	$ 1,490,363
Investments (Note 2.B.)	2,137,117
Total deposits and investments	$ 3,627,480

Deposits and investments at June 30, 2022, are presented as follows:

Statement of Net Position	
Cash and investments	$ 3,627,407
Cash with fiscal agent	73
Total	$ 3,627,480

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 9,480	$ -	$ -	$ 9,480
Construction in progress	1,829,321	2,131,512	-	3,960,833
Total capital assets not being depreciated	1,838,801	2,131,512	-	3,970,313
Capital assets being depreciated				
Land improvements	1,365,731	7,139	-	1,372,870
Buildings	16,209,400	13,496	-	16,222,896
Machinery and equipment	3,508,229	98,455	-	3,606,684
Total capital assets being depreciated	21,083,360	119,090	-	21,202,450
Less accumulated depreciation for				
Land improvements	1,102,401	32,692	-	1,135,093
Buildings	8,882,350	413,270	-	9,295,620
Machinery and equipment	2,858,029	127,484	-	2,985,513
Total accumulated depreciation	12,842,780	573,446	-	13,416,226
Total capital assets being depreciated, net	8,240,580	(454,356)	-	7,786,224
Governmental activities, capital assets, net	$ 10,079,381	$ 1,677,156	$ -	$ 11,756,537
Governmental activities				
Leased assets being amortized				
Equipment	$ -	$ 106,993	$ -	$ 106,993
Less accumulated amortization for				
Equipment	-	18,177	-	18,177
Governmental activities, leased assets, net	$ -	$ 88,816	$ -	$ 88,816

NOTE 4 – CAPITAL ASSETS

Depreciation/amortization expense of $591,623 for the year ended June 30, 2022, was charged to the following governmental functions:

Administration	$ 7,163
District support services	1,147
Elementary and secondary regular instruction	19,446
Vocational education instruction	738
Special education instruction	10,506
Instructional support services	8,512
Pupil support services	49,954
Sites and buildings	180,477
Unallocated	313,680
Total depreciation expense	$ 591,623

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-term liabilities					
G.O. bonds					
Capital Facilities Bonds, 2013A	1.40%	$ 499,000	02/01/23	$ 54,000	$ 54,000
OPEB Crossover Refunding Bonds, 2016A	1.875%-3.25%	1,018,000	02/01/29	742,000	96,000
Facilities Maintenance and Refunding Bonds, 2020B	0.40%-2.00%	6,650,000	02/01/41	6,445,000	230,000
Total G.O. bonds				7,241,000	380,000
Bond premium				121,503	-
Lease liability				89,277	19,765
Compensated absences payable				121,551	12,155
Total long-term liabilities				$ 7,573,331	$ 411,920

Long-term bond liabilities listed above were issued to finance acquisition and construction of capital facilities, fund OPEB obligations or to refinance (refund) previous bond issues. Other long-term liabilities such as compensated absences payable and lease liability are typically liquidated through the General Fund.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B Minimum Debt Payments
Minimum annual principal and interest payments required to retire bond and lease liabilities:

Year Ending June 30,	G.O. Bonds Principal	Interest	Total
2023	$ 380,000	$ 135,842	$ 515,842
2024	328,000	131,766	459,766
2025	344,000	124,563	468,563
2026	345,000	116,903	461,903
2027	351,000	109,084	460,084
2028-2032	1,883,000	429,969	2,312,969
2033-2037	2,030,000	276,150	2,306,150
2038-2042	1,580,000	77,700	1,657,700
Total	$ 7,241,000	$ 1,401,977	$ 8,642,977

Year Ending June 30,	Lease Liability Principal	Interest	Total
2023	$ 19,765	$ 4,015	$ 23,780
2024	20,777	3,004	23,781
2025	21,840	1,941	23,781
2026	22,957	823	23,780
2027	3,938	25	3,963
Total	$ 89,277	$ 9,808	$ 99,085

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. bonds	$ 7,593,000	$ -	$ 352,000	$ 7,241,000
Bond premium	128,071	-	6,568	121,503
Lease liability	-	106,993	17,716	89,277
Compensated absences payable	93,603	27,948	-	121,551
Total long-term liabilities	$ 7,814,674	$ 134,941	$ 376,284	$ 7,573,331

D. Lease Liability
The District entered into a lease agreement for copier equipment. The lease agreements include annual principal and interest payments as noted above. The discount rate on the lease agreement is 5.0% annually.

NOTE 6 – FUND BALANCES

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

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

	General Fund	Debt Service Fund	Building Construction Fund	Nonmajor Funds	Total
Nonspendable for					
Inventory	$ -	$ -	$ -	$ 45,479	$ 45,479
Prepaid items	19,931	-	-	-	19,931
Total nonspendable	19,931	-	-	45,479	65,410
Restricted/reserved for					
Student Activities	58,570	-	-	-	58,570
Scholarships	10,328	-	-	-	10,328
Staff Development	28,441	-	-	-	28,441
Operating Capital	151,689	-	-	-	151,689
Gifted and Talented	1,699	-	-	-	1,699
Safe School Crime	5,078	-	-	-	5,078
Basic Skills Extended Time	4,054	-	-	-	4,054
Long-term Facilities Maintenance	159,594	-	1,260,108	-	1,419,702
Medical Assistance	12,945	-	-	-	12,945
Fund purpose	4,925	-	-	-	4,925
Maximum Effort Loan Aid	-	540,393	-	-	540,393
Debt Service	-	300,147	-	15,480	315,627
Food Service	-	-	-	319,664	319,664
Early Childhood and Family Education (ECFE)	-	-	-	7,243	7,243
School Readiness	-	-	-	36,914	36,914
Community Service	-	-	-	23,946	23,946
Total restricted/reserved	437,323	840,540	1,260,108	403,247	2,941,218
Unassigned for Community Education	-	-	-	(17,948)	(17,948)
Unassigned	410,138	-	-	-	410,138
Total unassigned	410,138	-	-	(17,948)	392,190
Total fund balance	$ 867,392	$ 840,540	$ 1,260,108	$ 430,778	$ 3,398,818

Nonspendable for Inventory – A portion of the fund balance has been spent on inventory and is not available for other uses.

Nonspendable for Prepaid Items – A portion of the fund balance has been spent on prepaid items and is not available for other uses.

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

NOTE 6 – FUND BALANCES (CONTINUED)

A. Fund Balance (Continued)
Restricted/Reserved for Scholarships – This balance represents available resources for the scholarship funds.

Restricted/Reserved for Staff Development – This balance represents unspent staff development revenues set aside from general education revenue that were restricted/reserved for staff development related to Finance Code 316. Expenditures for staff development must equal at least 2% of the basic general education revenue, unless legal stipulations are met (*Minnesota Statutes* 122A.61, subdivision 1).

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

Restricted/Reserved for Gifted and Talented – The part of General Education Aid revenue for the gifted and talented program that is unspent at year end must be restricted in this Balance Sheet account.

Restricted/Reserved for Safe Schools Levy – The unspent resources available from the safe schools levy must be restricted in this account for future use.

Restricted/Reserved for Basic Skills Extended Time – This balance represents resources available for the basic skills extended time uses listed in *Minnesota Statutes* 126C.15, subd. 1.

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

Restricted/Reserved for Medical Assistance – This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* 125A.21, subd. 3).

Restricted/Reserved for Maximum Effort Loan Aid – This balance represents resources available to reduce current year property taxes levied on net tax capacity within the District or to reduce future years' tax levies by either retaining payments made under this section in the District's debt redemption fund for up to 20 years, notwithstanding the two-year limit under *Minnesota Statutes* 475.61, subd. 3, or financing a defeasance of any future payments on outstanding bonded debt.

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

Restricted for Food Service – This balance represents resources available for payment of food service costs.

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

NOTE 6 – FUND BALANCES (CONTINUED)

A. Fund Balance (Continued)
Restricted/Reserved for School Readiness – This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statutes* 124D.16).

Restricted/Reserved for Community Service – This balance represents the remaining positive fund balance of the Community Service Fund that is not restricted for other purposes.

Restricted/Reserved for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational, and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, ECFE, and extended day programs. This balance was in a deficit at June 30, 2022, and has been reclassified as unassigned for financial statement presentation.

Unassigned amounts represent resources available to meet current and future year's expenditures.

B. Net Position
Net position restricted for other purposes is comprised of the total positive General Fund restricted/reserved fund balances plus the positive net position in the Food Service and Community Service Funds.

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans, total pension expense for the year ended June 30, 2022, was ($3,902). The components of pension expense are noted in the following plan summaries.

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

Teachers' Retirement Association

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

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

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

Teachers' Retirement Association (Continued)

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

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

Tier I Benefits

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

With these provisions:

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

Tier II Benefits

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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

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

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

C. Contribution Rate
Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2020, June 30, 2021, and June 30, 2022, were:

June 30, 2020		June 30, 2021		June 30, 2022	
Employee	Employer	Employee	Employer	Employee	Employer
11.0%	11.92%	11.0%	12.13%	11.0%	12.34%
7.5%	7.92%	7.5%	8.13%	7.5%	8.34%

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

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

Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	$	448,829
Add employer contributions not related to future contribution efforts		379
Deduct TRA's contributions not included in allocation		(538)
Total employer contributions		448,670
Total non-employer contributions		37,840
Total contributions reported in Schedule of Employer and Non-Employer Allocations	$	486,510

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

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions
The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation date	July 1, 2021
Measurement date	June 30, 2021
Experience study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% thereafter
	3.25% to 9.25% thereafter
	1.0% for January 2020 through January 2023, then
Mortality Assumptions	
Pre-retirement	RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

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

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2022 is six years. The "Difference Between Expected and Actual Experience", "Changes of Assumptions", and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

Changes in actuarial assumptions since the 2020 valuation:

- The investment return assumption was changed from 7.5% to 7.0%.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The discount rate used to measure the total pension liability at the prior measurement date was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability

On June 30, 2022, the District reported a liability of $1,886,185 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.0431% at the end of the measurement period and 0.0423% for the beginning of the year.

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

District's proportionate share of net pension liability	$ 1,886,185
State's proportionate share of the net pension liability associated with the District	158,959

For the year ended June 30, 2022, the District recognized pension expense of ($25,064). Included in this amount, the District recognized ($1,780) as pension expense for the support provided by direct aid.

On June 30, 2022, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 50,139	$ 54,746
Net difference between projected and actual earnings on plan investments	-	1,587,618
Changes of assumptions	691,180	1,795,382
Changes in proportion	62,562	210,592
Contributions to TRA subsequent to the measurement date	243,941	-
Total	$ 1,047,822	$ 3,648,338

The $243,941 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)
Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2023	$ (1,418,294)
2024	(1,013,786)
2025	(253,357)
2026	(302,006)
2027	142,986
Total	$ (2,844,457)

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

District proportionate share of NPL		
1% decrease In Discount Rate (6.0%)	Current In Discount Rate (7.0%)	1% increase In Discount Rate (8.0%)
$ 3,810,185	$ 1,886,185	$ 308,351

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

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

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

Public Employees' Retirement Association

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

General Employees Retirement Plan

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

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

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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

Public Employees' Retirement Association (Continued)

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022, were $114,608. The District's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2022, the District reported a liability of $832,737 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $25,436.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0195% at the end of the measurement period and 0.0179% for the beginning of the period.

School's proportionate share of net pension liability	$ 832,737
State of Minnesota's proportionate share of the net pension liability associated with the School	25,436
Total	$ 858,173

For the year ended June 30, 2022, the District recognized pension expense of $21,162 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized $2,052 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs
At June 30, 2022, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 4,565	$ 25,242
Changes in actuarial assumptions	508,452	16,759
Difference between projected and actual investment earnings	-	726,776
Changes in proportion	85,768	8,321
Contributions paid to PERA subsequent to the measurement date	114,608	-
Total	$ 713,393	$ 777,098

The $114,608 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2023	$ (13,303)
2024	16,519
2025	15,177
2026	(196,706)
Total	$ (178,313)

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

Public Employees' Retirement Association (Continued)

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

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

F. Actuarial Methods and Assumptions
The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

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

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)
Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

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

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

G. Discount Rate
The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proprionate share of PERA's net pension liability	$ 1,698,359	$ 832,737	$ 122,442

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

Public Employees' Retirement Association (Continued)

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

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description
The District provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage options are administered by Blue Cross Blue Shield and PEIP. It is the District's policy to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees.

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

C. Members
As of June 30, 2021, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees electing coverage	51
Active employees waiving coverage	34
Total	90

D. Contributions
Retirees contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms. The required contributions are based on projected pay-as-you-go financing requirements. For the fiscal year 2022, the District contributed $45,842 to the plan.

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions
The total OPEB liability was determined by an actuarial valuation measured as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Discount rate	1.92%
Inflation	2.25%
Healthcare cost trend increases	6.70% for FY2022, gradually decreasing over several decades to an ultimate rate of 3.70% in FY2075 and later years.
Mortality Assumption	Teachers: RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments. Non-Teachers: Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2020, and other adjustments.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2021.

The discount rate used to measure the total OPEB liability was 1.92% using the 20-year municipal bond yield.

F. Total OPEB Liability
The District's total OPEB liability of $305,007 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2021.

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at June 30, 2021	$ 365,050
Changes for the year	
Service cost	19,140
Interest cost	8,957
Differences between expected and actual experience	(3,252)
Changes of assumptions	(47,726)
Benefit payments	(37,162)
Net changes	(60,043)
Balances at June 30, 2022	$ 305,007

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)
Changes of assumptions and other inputs reflect a change in the discount rate from 2.45% in 2020 to 1.92% in 2021 along with changes to healthcare trend rates.

G. OPEB Liability Sensitivity
The following presents the District's total OPEB liability calculated using the discount rate of 1.92% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (0.92%)	Current Discount Rate (1.92%)	1% Increase in Discount Rate (2.92%)
Total OPEB liability (asset)	$ 316,007	$ 305,007	$ 293,620

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

	1% Decrease (5.7% Decreasing to 2.7%)	Current (6.7% Decreasing to 3.7%)	1% Increase (7.7% Decreasing to 3.7%)
Total OPEB liability (asset)	$ 283,730	$ 305,007	$ 329,077

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2022, the District recognized OPEB expense of $30,014. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liablility	$ 18,201	$ 2,841
Changes of assumptions	32,945	55,121
Contributions subsequent to the measurement date	45,842	-
Total	$ 96,988	$ 57,962

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)
The $45,842 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023.

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

Year Ended June 30,	
2023	$ 1,917
2024	1,917
2025	2,410
2026	3,570
2027	(3,878)
Thereafter	(12,752)
Total	$ (6,816)

NOTE 9 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. This statement will be effective for the year ending June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 333
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability					
Service cost	$ 11,652	$ 11,309	$ 11,779	$ 17,861	$ 19,140
Interest cost	12,706	13,355	11,927	12,159	8,957
Differences between expected and actual experience	-	-	30,840	-	(3,252)
Changes of assumptions	(9,675)	(7,482)	55,823	(9,013)	(47,726)
Changes of benefit terms	-	-	-	-	-
Benefit payments	(83,818)	(64,839)	(61,794)	(53,121)	(37,162)
Net change in total OPEB liability	(69,135)	(47,657)	48,575	(32,114)	(60,043)
Beginning of year	465,381	396,246	348,589	397,164	365,050
End of year	$ 396,246	$ 348,589	$ 397,164	$ 365,050	$ 305,007
Covered payroll	$ 2,955,990	$ 3,072,097	$ 3,297,032	$ 3,616,760	$ 3,630,874
Total OPEB liability as a percentage of covered-employee	13.40%	11.35%	12.05%	10.09%	8.40%

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

See notes to required supplementary information.

Independent School District No. 333
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability - General Employees Retirement Fund
Last Ten Years

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0202%	$ 948,895	$ -	$ 948,895	$ 1,059,724	89.5%	78.8%
2015	0.0186%	963,949	-	963,949	1,043,867	92.3%	78.2%
2016	0.0186%	1,510,228	19,784	1,530,012	1,158,040	130.4%	68.9%
2017	0.0184%	1,174,644	14,791	1,189,435	1,138,920	103.1%	75.9%
2018	0.0180%	998,566	32,772	1,031,338	1,214,253	82.2%	79.5%
2019	0.0174%	962,007	29,832	991,839	1,231,427	78.1%	80.2%
2020	0.0179%	1,073,187	33,179	1,106,366	1,277,693	84.0%	79.1%
2021	0.0195%	832,737	25,436	858,173	1,402,120	59.4%	87.0%

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

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0529%	$ 2,437,594	$ 171,453	$ 2,609,047	$ 2,414,357	101.0%	81.5%
2015	0.0489%	3,024,949	371,011	3,395,960	2,479,400	122.0%	76.8%
2016	0.0474%	11,306,031	1,135,750	12,441,781	2,463,507	458.9%	44.9%
2017	0.0453%	9,042,702	874,498	9,917,200	2,440,680	370.5%	51.6%
2018	0.0455%	2,858,112	268,636	3,126,748	2,514,080	113.7%	78.1%
2019	0.0447%	2,849,187	252,373	3,101,560	2,538,962	112.2%	78.2%
2020	0.0423%	3,125,181	261,643	3,386,824	2,459,154	127.1%	75.5%
2021	0.0431%	1,886,185	158,959	2,045,144	2,580,418	73.1%	86.6%

Independent School District No. 2687
Schedule of District Contributions
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 76,830	$ 76,830	$ -	$ 1,059,724	7.25%
2015	78,290	78,290	-	1,043,867	7.50%
2016	86,853	86,853	-	1,158,040	7.50%
2017	85,419	85,419	-	1,138,920	7.50%
2018	91,069	91,069	-	1,214,253	7.50%
2019	92,357	92,357	-	1,231,427	7.50%
2020	95,827	95,827	-	1,277,693	7.50%
2021	105,159	105,159	-	1,402,120	7.50%
2022	114,608	114,608	-	1,528,107	7.50%

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

Schedule of District Contributions
TRA Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 169,005	$ 169,005	$ -	$ 2,414,357	7.00%
2015	185,955	185,955	-	2,479,400	7.50%
2016	184,763	184,763	-	2,463,507	7.50%
2017	183,051	183,051	-	2,440,680	7.50%
2018	188,556	188,556	-	2,514,080	7.50%
2019	195,754	195,754	-	2,538,962	7.71%
2020	194,765	194,765	-	2,459,154	7.92%
2021	209,788	209,788	-	2,580,418	8.13%
2022	243,941	243,941	-	2,924,952	8.34%

TRA Retirement Fund

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

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

2019 Changes
Changes in Actuarial Assumptions
- None

2018 Changes
Changes in Actuarial Assumptions
- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

TRA Retirement Fund (Continued)

2017 Changes
Changes in Actuarial Assumptions
- The discount rate was increased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes
Changes in Actuarial Assumptions
- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

TRA Retirement Fund (Continued)

2015 Changes
Changes of Benefit Terms
- The DTRFA was merged into TRA on June 30, 2015.

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

Independent School District No. 333
Notes to the Required Supplementary Information

General Employees Fund

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

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

2020 Changes
Changes in Actuarial Assumptions
- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retires electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

2019 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2017 to MP-2018.

General Employees Fund (Continued)

2019 Changes (Continued)
Changes in Plan Provisions
- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changes prospectively, requiring $16 million due per year through 2031.

2018 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

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

2017 Changes
Changes in Actuarial Assumptions
- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

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

General Employees Fund (Continued)

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

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

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

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

Post Employment Health Care Plan

2021 Changes
Changes in Actuarial Assumptions

- The discount rate was changed from 2.45% to 1.92% based on updated 20-year municipal bond rates.
- Health care trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/ gender based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2021 valuations.
- The percent of future retirees not eligible for a explicit subsidy assumed to elect coverage at retirement changed from 20% to 15% to reflect recent plan experience.
- The percent of future non Medicare eligible retiree selecting each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020 Changes
Changes in Actuarial Assumptions

- The discount rate was changed from 3.13% to 2.45% based on updated 20-year municipal bond rates.

2019 Changes
Changes in Actuarial Assumptions

- The discount rate was changed from 3.62% to 3.13% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan and 7/1/2016 Teachers Retirement Association valuations to the rates used in the 7/1/2018 valuations.
- The percentage of future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 60% to 80% to reflect recent plan experience.
- The percent of future retirees assumed to elect spouse coverage at retirement changed from 25% to 10% to reflect recent plan experience.
- The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.
- The inflation assumption was changed from 2.75% to 2.50% based on updated historical analysis of inflation rates and forward-looking market expectations.

SUPPLEMENTARY INFORMATION

Independent School District No. 333
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds				Total
	Food Service	Community Service	Total	OPEB Debt Service	Nonmajor Funds
Assets					
Cash and investments	$ 301,684	$ 75,571	$ 377,255	$ 75,443	$ 452,698
Cash with fiscal agent	-	-	-	73	73
Current property taxes receivable	-	19,851	19,851	62,856	82,707
Delinquent property taxes receivable	-	944	944	3,622	4,566
Accounts receivable	-	600	600	-	600
Due from Department of Education	-	5,959	5,959	387	6,346
Due from federal government					
Through department of education	23,006	9,339	32,345	-	32,345
Inventory	45,479	-	45,479	-	45,479
Total assets	$ 370,169	$ 112,264	$ 482,433	$ 142,381	$ 624,814
Liabilities					
Salaries and benefits payable	$ 5,026	$ 21,165	$ 26,191	$ -	$ 26,191
Unearned revenue	-	1,061	1,061	-	1,061
Total liabilities	5,026	22,226	27,252	-	27,252
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	-	38,939	38,939	123,279	162,218
Unavailable revenue - delinquent taxes	-	944	944	3,622	4,566
Total deferred inflows of resources	-	39,883	39,883	126,901	166,784
Fund Balances					
Nonspendable	45,479	-	45,479	-	45,479
Restricted	319,664	68,103	387,767	15,480	403,247
Unassigned	-	(17,948)	(17,948)	-	(17,948)
Total fund balances	365,143	50,155	415,298	15,480	430,778
Total liabilities, deferred inflows of resources, and fund balances	$ 370,169	$ 112,264	$ 482,433	$ 142,381	$ 624,814

Independent School District No. 333
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2022

	Special Revenue Funds				Total
	Food Service	Community Service	Total	OPEB Debt Service	Nonmajor Funds
Revenues					
Local property taxes	$ -	$ 34,622	$ 34,622	$ 120,128	$ 154,750
Other local and county revenues	21,450	114,958	136,408	41	136,449
Revenue from state sources	120,415	50,350	170,765	3,871	174,636
Revenue from federal sources	602,197	23,643	625,840	-	625,840
Sales and other conversion of assets	28,463	-	28,463	-	28,463
Total revenues	772,525	223,573	996,098	124,040	1,120,138
Expenditures					
Current					
Food service	575,613	-	575,613	-	575,613
Community education and services	-	217,426	217,426	-	217,426
Debt service					
Principal	-	-	-	94,000	94,000
Interest and fiscal charges	-	-	-	24,054	24,054
Total expenditures	575,613	217,426	793,039	118,054	911,093
Net change in fund balances	196,912	6,147	203,059	5,986	209,045
Fund Balances					
Beginning of year	168,231	44,008	212,239	9,494	221,733
End of year	$ 365,143	$ 50,155	$ 415,298	$ 15,480	$ 430,778

A-42

Independent School District No. 333
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2022

	Audit	UFARS	Audit-UFARS
01 GENERAL FUND			
Total revenue	$ 7,047,151	$ 7,047,150	$ 1
Total expenditures	7,558,384	7,558,380	4
Nonspendable:			
4.60 Nonspendable fund balance	19,931	19,930	1
Restricted/reserved:			
4.01 Student Activities	58,570	58,570	-
4.02 Scholarships	10,328	10,328	-
4.03 Staff Development	28,441	28,441	-
4.07 Capital Projects Levy	-	-	-
4.08 Cooperative Programs	-	-	-
4.13 Building Projects Funded by COP/LP	-	-	-
4.14 Operating Debt	-	-	-
4.16 Levy Reduction	-	-	-
4.17 Taconite Building Maintenance	-	-	-
4.24 Operating Capital	151,689	151,689	-
4.26 $25 Taconite	-	-	-
4.27 Disabled Accessibility	-	-	-
4.28 Learning and Development	-	-	-
4.34 Area Learning Center	-	-	-
4.35 Contracted Alternative Programs	-	-	-
4.36 State Approved Alternative Program	-	-	-
4.38 Gifted and Talented	1,699	1,699	-
4.40 Teacher Development and Evaluation	-	-	-
4.41 Basic Skills Programs	-	-	-
4.45 Career Technical Programs	-	-	-
4.46 First Grade Preparedness	-	-	-
4.48 Achievement and Integration Revenue	-	-	-
4.49 Safe School Crime	5,078	5,078	-
4.51 QZAB Payments	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-
4.59 Basic Skills Extended Time	4,054	4,054	-
4.67 Long-term Facilities Maintenance	159,594	159,594	-
4.72 Medical Assistance	12,945	12,945	-
4.74 EIDL Loans	-	1	(1)
4.75 Title VII - Impact Aid	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-
Restricted:			
4.64 Restricted fund balance	4,925	4,925	-
Committed:			
4.18 Committed for separation	-	-	-
4.61 Committed fund balance	-	-	-
Assigned:			
4.62 Assigned fund balance	-	-	-
Unassigned:			
4.22 Unassigned fund balance	410,138	410,139	(1)
02 FOOD SERVICE FUND			
Total revenue	$ 772,525	$ 772,525	$ -
Total expenditures	575,613	575,614	(1)
Nonspendable:			
4.60 Nonspendable fund balance	45,479	45,479	-
Restricted/reserved:			
4.52 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
4.64 Restricted fund balance	319,664	319,662	2
Unassigned:			
4.63 Unassigned fund balance	-	-	-
04 COMMUNITY SERVICE FUND			
Total revenue	$ 223,573	$ 223,572	$ 1
Total expenditures	217,426	217,424	2
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.26 $25 Taconite	-	-	-
4.31 Community Education	(17,948)	(17,948)	-
4.32 ECFE	7,243	7,243	-
4.40 Teacher Development and Evaluations	-	-	-
4.44 School Readiness	36,914	36,914	-
4.47 Adult Basic Education	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
4.64 Restricted fund balance	23,946	23,948	(2)
Unassigned:			
4.63 Unassigned fund balance	-	-	-

	Audit	UFARS	Audit-UFARS
06 BUILDING CONSTRUCTION FUND			
Total revenue	$ 7,762	$ 7,762	$ -
Total expenditures	2,440,225	2,440,226	(1)
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.07 Capital Projects Levy	-	-	-
4.13 Project Funded by COP/LP	-	-	-
4.67 LTFM	1,260,108	1,260,108	-
Restricted:			
4.64 Restricted fund balance	-	-	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-
07 DEBT SERVICE FUND			
Total revenue	$ 847,805	$ 847,805	$ -
Total expenditures	404,906	404,906	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted/reserved:			
4.25 Bond refundings	-	-	-
4.33 Maximum effort loan aid	540,393	540,393	-
4.51 QZAB payments	-	-	-
4.67 LTFM	-	-	-
Restricted:			
4.64 Restricted fund balance	300,147	300,148	(1)
Unassigned:			
4.63 Unassigned fund balance	-	-	-
08 TRUST FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Restricted/Reserved			
4.01 Student Activties	-	-	-
4.02 Scholarships	-	-	-
Unassigned:			
4.22 Net position	-	-	-
18 CUSTODIAL			
Total revenue			
Total expenditures			
Restricted/Reserved			
4.01 Student Activities	$ -	$ -	$ -
4.02 Scholarships	-	-	-
4.48 Achievemnt and Integration	-	-	-
4.64 Restricted	-	-	-
20 INTERNAL SERVICE FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
25 OPEB REVOCABLE TRUST			
Total revenue	$ 190	$ 190	$ -
Total expenditures	39,985	39,984	1
Unassigned:			
4.22 Net position	32,318	32,318	-
45 OPEB IRREVOCABLE TRUST			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
4.22 Net position	-	-	-
47 OPEB DEBT SERVICE			
Total revenue	$ 124,040	$ 124,040	$ -
Total expenditures	118,054	118,054	-
Nonspendable:			
4.60 Nonspendable fund balance	-	-	-
Restricted:			
4.25 Bond refundings	-	-	-
4.64 Restricted fund balance	15,480	15,480	-
Unassigned:			
4.63 Unassigned fund balance	-	-	-

Independent School District No. 333
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Expenditures
U.S. Department of Agriculture		
Through Minnesota Department of Education		
Child nutrition cluster		
School Breakfast Program	10.553	$ 104,079
National School Lunch Program	10.555	252,078
Commodities programs (noncash assistance)	10.555	27,341
COVID - 19 Supply Chain Assistance Funding	10.555C	13,585
Special milk program	10.556	186
Summer Food Service Program for Children	10.559	113,152
Total child nutrition cluster		510,421
Child and Adult Care Food Program	10.558	75,532
Total U.S. Department of Agriculture		585,953
U.S. Department of Treasury		
Through Minnesota Department of Education		
COVID 19 - Coronavirus Relief Fund	21.019	833
COVID 19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	47,731
Total U.S. Department of Treasury		48,564
U.S. Department of Education		
Direct from federal agency		
Title V, Part A - Small, Rural Education Achievement Program Grants	84.358	62,101
Through Minnesota Department of Education		
Title I, Part A - Grants to Local Educational Agencies	84.010	115,099
Special education cluster		
Special Education Grants to States	84.027	22,240
IDEA Part B Section 611	84.027X	6,467
Special Education Preschool Grants	84.173	354
Total special education cluster		29,061
Title II, Part A - Supporting Effective Instruction State Grants	84.367	18,752
Title IV, Part A - Student Support and Academic Enrichment Program	84.424	19,583
Education specialization fund		
COVID 19 - Governor's Emergency Education Relief Fund	84.425	12,709
COVID 19 - Elementary and Secondary School Emergency Relief II	84.425D	232,387
COVID 19 - Elementary and Secondary School Emergency Relief III	84.425U	197,515
Total education specialization fund		429,902
Through Wright Technical College		
Carl Perkins, Vocational and Applied Technology	84.048A	2,050
Total U.S. Department of Education		689,257
U.S. Department of Health and Human Services		
Through Minnesota Department of Education		
COVID 19 - Minnesota COVID-19 Testing Program	93.323	24,102
Total federal expenditures		$ 1,347,876

See note to schedule of expenditures of federal awards.

Independent School District No. 333
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the modified accrual basis financial statements.

NOTE 2 – PASS-THROUGH GRANT NUMBERS

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

NOTE 3 – INVENTORY

Inventories of commodities donated by the U.S. Department of Agriculture are recorded at market value in the Food Service Fund as inventory. Revenue and expenditures are recorded when commodities are used. Other inventories are stated at cost as determined on a FIFO basis.

NOTE 4 – INDIRECT COST RATE

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

(THIS PAGE LEFT BLANK INTENTIONALLY)

bergankdv

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

Independent Auditor's Report

To the School Board
Independent School District No. 333
Ogilvie, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 333, Ogilvie, Minnesota, as of and for the year ending June 30, 2022, and the related notes to basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2022.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance that we consider to be a material weakness, audit finding 2022-001.

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

District's Response to the Finding
The District's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance. The District's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the response.

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

BerganKDV, Ltd.

St. Cloud, Minnesota
December 5, 2022

bergankdv

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

Independent Auditor's Report

To the School Board
Independent School District No. 333
Ogilvie, Minnesota

<u>Report on Compliance for Each Major Federal Program</u>

Opinion on Each Major Federal Program
We have audited the compliance of Independent School District No. 333, Ogilvie, Minnesota, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs in Accordance with the Uniform Guidance.

In our opinion, Independent School District No. 333, Ogilvie, Minnesota, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

BerganKDV, Ltd.

St. Cloud, Minnesota
December 5, 2022

Independent School District No. 333
Schedule of Findings and Questioned Costs
in Accordance with the Uniform Guidance

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Basic Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, Audit Finding 2022-001
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516?	No

Identification of Major Programs

Assistance Listing No.:	10.553/10.555/10.556/10.559
Name of Federal Program or Cluster	Child Nutrition Fund
Assistance Listing No.:	84.425
Name of Federal Program or Cluster	Education Stabilization Fund
Dollar threshold to distinguish between type A and type B programs:	$750,000
Auditee qualified as low risk auditee?	No

SECTION II – BASIC FINANCIAL STATEMENT FINDINGS

Audit Finding 2022-001

Criteria or Specific Requirement:
Internal control that supports the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties.

Condition:
The District does not have adequate segregation of accounting duties.

Context:
This finding impacts the internal control for all significant accounting functions.

Effect or Potential Effect:
The lack of adequate segregation of accounting duties could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause:
There are a limited number of office employees.

Recommendation:
Continue to review the accounting system, including changes that may occur. Implement segregation whenever practical.

Management's Response:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
   Management and the School Board are aware of this condition and have taken certain steps to compensate for the lack of segregation but due to the number of staff needed to properly segregate all of the accounting duties, the cost of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, the District must remain aware of this situation and should continually monitor the accounting system, including changes that occur. Due to this reason, management has determined a complete segregation of accounting duties is impractical to correct.

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Audit Finding 2022-001 (Continued)

Management's Response: (Continued)

CORRECTIVE ACTION PLAN (CAP): (Continued)

3. Official Responsible for Ensuring CAP
   Kathy Belsheim, Superintendent, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP
   The planned completion date for the CAP is June 30, 2023.

5. Plan to Monitor Completion of CAP
   The School Board will be monitoring this CAP.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs noted.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

bergankdv

Minnesota Legal Compliance

Independent Auditor's Report

To the School Board
Independent School District No. 333
Ogilvie, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 333, Ogilvie, Minnesota, as of and for the year ended June 30, 2022, and the related notes to basic financial statements, and have issued our report thereon dated December 5, 2022.

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

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

BerganKDV, Ltd.

St. Cloud, Minnesota
December 5, 2022

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

APPENDIX B

FORM OF LEGAL OPINION

DORSEY
always ahead

Independent School District No. 333
Ogilvie, Minnesota

[Original Purchaser]

Re: $9,840,000 General Obligation School Building Bonds, Series 2023A
Independent School District No. 333 (Ogilvie), Minnesota
Kanabec, Isanti and Mille Lacs Counties, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 333 (Ogilvie), Kanabec, Isanti and Mille Lacs Counties, Minnesota (the District), of the obligations described above, dated, as originally issued, as of March 2, 2023 (the Bonds), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the District in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

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

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

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

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

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

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

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

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

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

Dated this 2nd day of March, 2023.

Very truly yours,

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX D

FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM SALE RESOLUTION)

(See following pages)

FORM OF CONTINUING DISCLOSURE

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

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

(1) on or before twelve (12) months after the end of each fiscal year of the District, commencing with the fiscal year ending June 30, 2023, the following financial information and operating data in respect of the District (the Disclosure Information):

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

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

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

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

(A) principal and interest payment delinquencies;
(B) non-payment related defaults, if material;
(C) unscheduled draws on debt service reserves reflecting financial difficulties;
(D) unscheduled draws on credit enhancements reflecting financial difficulties;
(E) substitution of credit or liquidity providers, or their failure to perform;
(F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with

respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

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

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

(I) defeasances;

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

(K) rating changes;

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

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

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

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

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

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

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

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

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

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

(c) <u>Manner of Disclosure</u>.

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

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

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

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

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

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

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

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

APPENDIX E

TERMS OF PROPOSAL

$9,840,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2023A
INDEPENDENT SCHOOL DISTRICT NO. 333 (OGILVIE), MINNESOTA

Proposals for the purchase of $9,840,000* General Obligation School Building Bonds, Series 2023A (the "Bonds") of Independent School District No. 333 (Ogilvie), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on February 9, 2023, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 8, 2022, by the District, for the purpose of financing the acquisition and betterment of school sites and facilities in the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated March 2, 2023, will be issued as fully registered Bonds in the denomination of $5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2024	$690,000	2031	$305,000	2038	$410,000
2025	680,000	2032	325,000	2039	430,000
2026	730,000	2033	340,000	2040	450,000
2027	550,000	2034	355,000	2041	465,000
2028	565,000	2035	370,000	2042	885,000
2029	290,000	2036	380,000	2043	925,000
2030	300,000	2037	395,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

DELIVERY

On or about March 2, 2023, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

SUBMISSION OF PROPOSALS

Proposals must not be for less than $9,840,000 plus accrued interest on the principal sum of $9,840,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

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

2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at https://ihsmarkit.com/products/municipal-issuance.html or via telephone (844) 301-7334.

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

A good faith deposit ("Deposit") in the amount of $196,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the District will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of $10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the School Board

Independent School District No. 333 (Ogilvie), Minnesota

PROPOSAL FORM

The School Board **February 9, 2023**
Independent School District No. 333 (Ogilvie), Minnesota (the "District")

RE: **$9,840,000* General Obligation School Building Bonds, Series 2023A (the "Bonds")**
DATED: **March 2, 2023**

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you $__________________ (not less than $9,840,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due	2024	________	% due	2031	________	% due	2038
________	% due	2025	________	% due	2032	________	% due	2039
________	% due	2026	________	% due	2033	________	% due	2040
________	% due	2027	________	% due	2034	________	% due	2041
________	% due	2028	________	% due	2035	________	% due	2042
________	% due	2029	________	% due	2036	________	% due	2043
________	% due	2030	________	% due	2037			

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

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of $196,800 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about March 2, 2023.

This proposal is subject to the District's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the District with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

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

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

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

Account Manager: ______________________________ By: ______________________________
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from March 2, 2023 of the above proposal is $_______________and the true interest cost (TIC) is __________%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 333 (Ogilvie), Minnesota, on February 9, 2023.

By: ______________________________ By: ______________________________

Title: ______________________________ Title: ______________________________