PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 2, 2023

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: Moody's Investors Service, Inc.**

INDEPENDENT SCHOOL DISTRICT NO. 192 (FARMINGTON), MINNESOTA

(Dakota County)

(Minnesota School District Credit Enhancement Program)

$41,700,000* GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2023A

PROPOSAL OPENING: February 13, 2023, 10:30 A.M., C.T.
CONSIDERATION: February 13, 2023, 5:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $41,700,000* General Obligation School Building Refunding Bonds, Series 2023A (the "Bonds") are authorized pursuant to Minnesota Statutes, Chapter 475, as amended, and Section 475.67, by Independent School District No. 192 (Farmington), Minnesota (the "District"), for the purpose of effecting a current refunding of certain outstanding general obligations of the District as more fully described herein. 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 9, 2023

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*
2024	$8,235,000	2026	$11,140,000
2025	10,295,000	2027	12,030,000

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2023 and semiannually thereafter.

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

MINIMUM PROPOSAL: $41,283,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $834,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

ESCROW AGENT: Zions Bancorporation, National Association

BOND COUNSEL: Dorsey & Whitney LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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FARMINGTON
SCHOOL BOARD

		Term Expires
Kyle Christensen	Chairperson	January 2025
Hannah Simmons	Vice Chairperson	January 2025
Becky DeWilde	Clerk	January 2027
Jacilyn Doyle	Treasurer	January 2025
Melissa Gorman	Member	January 2027
Maggie Storlie	Member	January 2027

ADMINISTRATION

Jason Berg, Superintendent of Schools

Jane Houska, Director of Finance

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. 192 (Farmington), Minnesota (the "District") and the issuance of its $41,700,000* General Obligation School Building Refunding 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 13, 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 9, 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"). 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") and Zions Bancorporation, National Association, Chicago, Illinois, to act as escrow agent (the "Escrow Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The District will pay the charges for Paying Agent and Escrow Agent services. The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

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

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, as amended, and Section 475.67, by the District, for the purpose of effecting a current refunding of the District's $71,220,000 General Obligation School Building Refunding Bonds, Series 2014A (the "Series 2014A Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 311315
Series 2014A Bonds	6/4/14	4/11/23	Par	2024	3.00%	$8,570,000	UG8
				2025	4.00%	10,870,000	UH6
				2026	4.00%	11,630,000	UJ2
				2027	3.00%	12,430,000	UK9
Total Series 2014A Bonds Being Refunded						$43,500,000	

Proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. The District will pay the principal and interest payment due on February 1, 2023 from the Debt Service Account for the Series 2014A Bonds.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	$41,700,000	
Reoffering Premium	2,199,575	
Total Sources		**$43,899,575**
Uses		
Total Underwriter's Discount (0.200%)	$83,400	
Costs of Issuance	167,900	
Deposit to Current Refunding Fund	43,647,168	
Rounding Amount	1,107	
Total Uses		**$43,899,575**

*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. In the event funds on hand for payment of principal and interest are at any time insufficient, the District is required to levy additional taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a rating from Moody's Investors Service, Inc. ("Moody's"). Moody's has a policy which assigns a minimum rating of "Aa1" to issuers participating in the MNCEP. The "Aa1" rating is based on the State of Minnesota's current "Aaa" rating from Moody's. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS" for further details.

The District currently has an "A1" underlying rating from Moody's 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 January 9, 2023 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

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

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

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

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

In its Official Statement dated 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.

The District entered into a lease agreement on October 23, 2019. The lease documents were filed 15 business days after the lease issuance. Except to the extent the preceding is deemed to be material, the District believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

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

TAX CONSIDERATIONS

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

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

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase 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 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 Discount Bonds, even if the Discount 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 IssTypeSing'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 District 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 District. 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., Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VALUATIONS

OVERVIEW

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

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

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

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

[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 $4,764,377,982[1]

	2021/22 Assessor's Estimated Market Value	2021/22 Net Tax Capacity
Real Estate	$4,170,527,100	$41,499,085
Personal Property	74,508,000	1,483,097
Total Valuation	$4,245,035,100	$42,982,182
Less: Captured Tax Increment Tax Capacity[2]		(403,318)
Fiscal Disparities Contribution[3]		(2,133,840)
Taxable Net Tax Capacity		$40,445,024
Plus: Fiscal Disparities Distribution[3]		6,280,390
Adjusted Taxable Net Tax Capacity		$46,725,414

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 89.67% 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 $4,764,377,982.

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

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

2021/22 NET TAX CAPACITY BY CLASSIFICATION

	2021/22 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$34,073,756	79.27%
Agricultural	2,407,437	5.60%
Commercial/industrial	3,426,567	7.97%
Public utility	553,076	1.29%
Railroad operating property	76,610	0.18%
Non-homestead residential	878,346	2.04%
Commercial & residential seasonal/rec.	83,293	0.19%
Personal property	1,483,097	3.45%
Total	$42,982,182	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Adjusted Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2017/18	$3,274,006,400	$3,082,347,940	$32,748,706	$35,663,908	5.75%
2018/19	3,543,219,400	3,365,253,802	35,769,009	38,555,985	8.22%
2019/20	3,755,007,700	3,576,677,169	37,890,323	41,065,314	5.98%
2020/21	4,013,691,500	3,832,666,165	40,625,028	44,274,123	6.89%
2021/22	4,245,035,100	4,069,415,240	42,982,182	46,725,414	5.76%

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

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

LARGER TAXPAYERS

Taxpayer	Type of Property	2021/22 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Northern Natural Gas Company	Utility	$833,034	1.94%
Xcel Energy	Utility	476,620	1.11%
Fulford Group LLC	Industrial	357,795	0.83%
Lakeville 222nd 2017 LLC	Industrial	283,830	0.66%
Minnesota Pipeline Company	Utility	269,652	0.63%
Minnesota Energy Resources Corporation	Utility	186,816	0.43%
Country View Limited Partnership	Apartment	139,502	0.32%
Amerco Real Estate Company	Industrial	125,912	0.29%
Great River Energy	Utility	105,672	0.25%
Legacy Partners of Farmington LLC	Apartment	105,519	0.25%
Total		$2,884,352	6.71%

District's Total 2021/22 Net Tax Capacity $42,982,182

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)*	$114,800,000

Lease Obligations

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
04/15/22	$3,770,301	LED Project	07/15/31	$3,462,061

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of Intermediate District No. 917. The District has a contractual obligation to make a portion of outstanding debt service payments, along with other Member Districts. The Fiscal Year 2023 obligation is estimated to be $66,173.86.

*Preliminary, subject to change.

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

2 Based upon the debt service equalization formula, Long Term Facilities Maintenance Revenue (LTFMR), the agricultural land valuation and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

STATE AID FOR DEBT SERVICE

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

Under the Debt Service Equalization Formula (the Formula) adopted by the 2001 Minnesota State Legislature, each school district is responsible for the amount of its qualifying annual debt service which is equal to 15.74% of its Adjusted Net Tax Capacity (ANTC). The Formula is applied against the remaining qualifying annual debt service which, in the case of the Farmington School District, is expected to result in a "local share" of about 100% of the amount in excess of 15.74% of ANTC, but less than 26.24% of ANTC, and a “local share” of about 58.16% of the amount in excess of 26.24% of ANTC. This results in estimated total State participation of about 14.15% of total annual debt service based on the District's 2021/22 equalization calculations.

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 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. Although the District expects to receive a small amount of Agricultural Credit in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aid.

Independent School District No. 192 (Farmington Area Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 03/09/2023)

	Alternative Facilities Bonds Series 2013A		School Building Refunding Bonds Series 2015A		School Building Refunding Bonds Series 2015C		School Building Bonds Series 2016A		Facilities Maintenance Bonds Series 2019A	
Dated	03/06/2013		02/05/2015		12/16/2015		02/03/2016		06/13/2019	
Amount	$2,260,000		$20,475,000		$28,640,000		$43,730,000		$9,220,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2024	170,000	22,425	965,000	621,950	7,165,000	358,250	0	1,416,500	460,000	284,050
2025	175,000	18,600	3,775,000	573,700			0	1,416,500	525,000	261,050
2026	180,000	14,444	4,155,000	384,950			0	1,416,500	585,000	234,800
2027	185,000	9,944	4,430,000	177,200			0	1,416,500	655,000	205,550
2028	185,000	5,088					10,460,000	1,416,500	725,000	172,800
2029							10,760,000	998,100	780,000	151,050
2030							11,090,000	675,300	805,000	127,650
2031							11,420,000	342,600	825,000	103,500
2032									850,000	78,750
2033									875,000	53,250
2034									900,000	27,000
	895,000	70,500	13,325,000	1,757,800	7,165,000	358,250	43,730,000	9,098,500	7,985,000	1,699,450

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Independent School District No. 192 (Farmington Area Public Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 03/09/2023)

	School Building Refunding Bonds 1) Series 2023A								
Dated	03/09/2023								
Amount	$41,700,000*								
Maturity	02/01								
Fiscal Year Ending	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2024	8,235,000	1,864,917	16,995,000	4,568,092	21,563,092	97,805,000	14.80%	**2024**
2025	10,295,000	1,673,250	14,770,000	3,943,100	18,713,100	83,035,000	27.67%	**2025**
2026	11,140,000	1,158,500	16,060,000	3,209,194	19,269,194	66,975,000	41.66%	**2026**
2027	12,030,000	601,500	17,300,000	2,410,694	19,710,694	49,675,000	56.73%	**2027**
2028			11,370,000	1,594,388	12,964,388	38,305,000	66.63%	**2028**
2029			11,540,000	1,149,150	12,689,150	26,765,000	76.69%	**2029**
2030			11,895,000	802,950	12,697,950	14,870,000	87.05%	**2030**
2031			12,245,000	446,100	12,691,100	2,625,000	97.71%	**2031**
2032			850,000	78,750	928,750	1,775,000	98.45%	**2032**
2033			875,000	53,250	928,250	900,000	99.22%	**2033**
2034			900,000	27,000	927,000	0	100.00%	**2034**
	41,700,000	5,298,167	114,800,000	18,282,667	133,082,667			

* Preliminary, subject to change.

1) This issue will refund the 2024 through 2027 maturities of the District's $71,220,000 General Obligation School Building Refunding Bonds, Series 2014A dated June 4, 2014.

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	$4,764,377,982
Multiply by 15%	0.15
Statutory Debt Limit	$714,656,697
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(114,800,000)
Unused Debt Limit*	$599,856,697

*Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2021/22 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
City of Farmington	$23,768,961	99.9773%	$9,095,000	$9,092,932
City of Lakeville	97,613,297	8.6867%	118,745,000	10,315,022
Town of Empire	4,620,402	85.5672%	1,735,000	1,484,591
Metropolitan Council	5,197,211,231	0.7782%	184,515,000[3]	1,435,896
District's Share of Total Overlapping Debt				$13,235,509

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

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

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

DEBT 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 $4,764,377,982	Debt/ Per Capita 38,002[1]
Direct G.O. Debt Secured By Taxes and State Aids*	$114,800,000		
Less: State Equalization Aid[2]	(16,244,200)		
Tax Supported General Obligation Debt*	$98,555,800	2.07%	$2,593.44
District's Share of Total Overlapping Debt	$13,235,509	0.28%	$348.28
Total*	$111,791,309	2.35%	$2,941.72

*Preliminary, subject to change.

FUTURE FINANCING

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

LEVY LIMITS

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

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

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1 Estimated 2021 population.

2 Based on current State law and statistics, the State of Minnesota is estimated to pay approximately 14.15% 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 $16,244,200.

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	$21,345,437	$21,220,040	$21,338,362	99.97%
2018/19	22,971,822	22,844,442	22,961,775	99.96%
2019/20	24,857,462	24,699,059	24,839,464	99.93%
2020/21	25,784,050	25,642,192	25,724,998	99.77%
2021/22	27,139,602	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.

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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. 192 (Farmington)	52.825%	51.401%	53.105%	50.805%	49.481%
Dakota County	26.580%	25.386%	24.133%	22.716%	21.630%
City of Farmington	57.161%	54.372%	50.971%	49.251%	50.623%
City of Lakeville	36.419%	35.607%	34.615%	34.351%	32.846%
Town of Empire[2]	29.892%	27.430%	29.131%	27.250%	27.623%
Metropolitan Council	0.821%	0.666%	0.606%	0.635%	0.649%
Mosquito Control	0.443%	0.435%	0.406%	0.384%	0.372%
Dakota County CDA	1.479%	1.479%	1.469%	1.375%	1.391%
Transit District	1.104%	1.244%	1.150%	1.038%	0.969%
Transit/Light Rail	0.031%	N/A	N/A	N/A	N/A
Vermillion River Watershed	0.429%	0.403%	0.399%	0.370%	0.348%
Referendum Market Value Rates:					
I.S.D. No. 192 (Farmington)	0.18495%	0.18968%	0.18904%	0.18392%	0.18244%

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

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

2 Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 893, including 342 non-licensed employees and 551 licensed employees (530 of whom are teachers). The District provides education for 6,725 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
Administration Support	June 30, 2022
Principals	June 30, 2022
Teachers	June 30, 2023
Kid Connection, Wee Tigers, Stepping Stones, ECFE	June 30, 2024
Custodians	June 30, 2023
Educational Assistants	June 30, 2023
Nurses	June 30, 2022

Status of Contracts

Contracts which expired on June 30, 2022 are currently in negotiations.

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. 74/75 (GASB 74/75). The District's most recent Annual Comprehensive Financial Report (Audit) shows a total OPEB liability of $17,781,205 as of June 30, 2022. In April of 2009, the District issued $6,000,000 in OPEB Bonds to fund an irrevocable trust. As of June 30, 2022, the trust was valued at $2,690,121. 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	537	3,309	3,360	7,206
2019/20	535	3,316	3,393	7,244
2020/21	518	3,083	3,402	7,003
2021/22	435	3,036	3,305	6,776
2022/23	474	2,958	3,293	6,725

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2023/24	474	2,958	3,293	6,725
2024/25	474	2,958	3,293	6,725
2025/26	474	2,958	3,318	6,750

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Akin Road Elementary	1988	2006, 2017
Farmington Elementary	1954	1964, 1997, 2006, 2017
Meadowview Elementary	2002	2003, 2016
North Trail Elementary	1997	2016
Riverview Elementary	1999	2009, 2016
Boeckman Middle School	1973	1984, 1996, 2004
Dodge Middle School	1993	1997, 2006
Farmington High School	2010	--

FUNDS ON HAND (as of December 31, 2022)

Fund	Total Cash and Investments
General	$19,375,224
Food Service	1,210,504
Community Service	1,614,797
Debt Service	23,230,115
Building/Construction	236,323
Trust & Agency	2,873,677
Internal Service	5,338,251
Total Funds on Hand	$53,878,891

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 2022 audited financial statements.

COMBINED STATEMENT	**FISCAL YEAR ENDING JUNE 30**				
	2019 Audited	**2020 Audited**	**2021 Audited**	**2022 Audited**	**2022-23 Adopted Budget [1)]**
Revenues					
Local property taxes	$9,207,652	$10,039,393	$11,379,811	$11,600,271	$12,325,859
Other local and county revenues	2,611,825	2,697,455	2,018,057	2,432,617	2,400,000
State sources	68,462,639	70,231,399	70,139,774	69,838,884	68,919,570
Federal sources	1,610,820	1,584,922	3,822,342	4,093,601	5,035,065
Sales and other conversion of assets	160	1,226	1,064,007	24,056	0
Total Revenues	$81,893,096	$84,554,395	$88,423,991	$87,989,429	$88,680,494
Expenditures					
Current:					
Administration	$3,050,987	$3,154,498	$3,299,619	$3,359,446	$3,388,939
District support services	2,883,246	3,326,760	3,340,055	3,344,076	3,013,314
Regular instruction	37,859,808	39,309,609	39,990,526	40,308,830	40,412,105
Vocational education instruction	1,103,808	1,075,642	1,151,171	1,359,793	1,261,559
Special education instruction	14,405,762	15,745,990	16,198,251	17,528,798	18,895,731
Instructional support services	3,846,494	3,935,603	4,418,381	4,135,489	4,373,025
Pupil support services	7,479,573	8,129,445	7,410,707	8,555,270	9,253,657
Sites and buildings	6,975,597	6,169,035	6,599,189	8,323,099	8,330,672
Fiscal and other fixed cost programs	272,153	263,177	336,241	379,424	381,000
Food service	36,039	0	0	0	0
Capital outlay	565,691	4,749,459	623,397	1,167,814	626,067
Debt service	954,250	834,110	834,110	991,762	834,110
Total Expenditures	$79,433,408	$86,693,328	$84,201,647	$89,453,801	$90,770,179
Excess of revenues over (under) expenditures	2,459,688	(2,138,933)	4,222,344	(1,464,372)	(2,089,685)
Other Financing Sources (Uses)					
Sale of capital assets	$5,570	$1,555	$12,836	$17,684	$0
Lease issuance	0	3,336,440	0	458,722	0
Transfers in	0	0	0	0	0
Transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	5,570	3,337,995	12,836	476,406	0
Net changes in Fund Balances	$2,465,258	$1,199,062	$4,235,180	($987,966)	($2,089,685)
General Fund Balance July 1	$13,075,029	$15,540,287	$17,285,846	$21,521,026	
Prior Period Adjustment	0	546,497	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	$15,540,287	$17,285,846	$21,521,026	$20,533,060	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$825,479	$798,664	$820,655	$873,910	
Restricted	1,382,176	2,271,054	3,576,964	3,730,699	
Assigned	6,190,923	6,354,882	9,140,206	7,947,867	
Unassigned	7,141,709	7,861,246	7,983,201	7,980,584	
Total	$15,540,287	$17,285,846	$21,521,026	$20,533,060	

1) The 2022-23 budget was adopted on June 27, 2022.

When the District passed their November 2015 operating referendum for 10 years, they committed to the community that they would not request additional funds for that period of time. The District set aside funds, in their Assigned Fund Balance, during the earlier years of referendum in order to use in later years to balance the budget as annual costs increase. In accordance with this plan, the District has used funds from their Assigned Fund Balance, while maintaining their Unassigned Fund Balance, which continues to meet the fund balance level established in Board policy.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 37,558, and a 2021 population estimate of 38,002, and comprising an area of 77.06 square miles, is located approximately 25 miles south of the Minneapolis-St. Paul metropolitan area.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 192 (Farmington)	Elementary and secondary education	893
Federal Aviation Administration	Air traffic control	357
Installed Building Solutions	Homeowners services	230
Trinity Care Center & Trinity Terrace	Nursing home and retirement community	215
Dakota Electric Association	Utility	209
Marschall Line, Inc.	Bus transportation	200
R & L Carrier	Trucking	160
City of Farmington	Municipal government and services	159
River Valley Home Care	Nursing home and retirement community	150
Kemps, LLC	Dairy products	131
Valmont Industries	Engineering services	108

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	32,931
2020 U.S. Census population	37,558
Percent of Change 2010 - 2020	14.05%
2021 State Demographer Estimate	38,002

Income and Age Statistics

	The District	Dakota County	State of Minnesota	United States
2021 per capita income	$40,014	$45,112	$41,204	$37,638
2021 median household income	$107,241	$93,892	$77,706	$69,021
2021 median family income	$118,972	$114,410	$98,356	$85,028
2021 median gross rent	$1,276	$1,293	$1,081	$1,163
2021 median value owner occupied units	$289,600	$294,700	$250,200	$244,900
2021 median age	34.7 yrs.	38.1 yrs.	38.2 yrs.	38.4 yrs.

	State of Minnesota	United States
District % of 2021 per capita income	97.11%	106.31%
District % of 2021 median family income	120.96%	139.92%

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), and Minnesota State Demographer (https://mn.gov/admin/demography/data-by-place/school-district-data.jsp).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	Dakota County	Dakota County	State of Minnesota
2018	233,744	2.5%	3.1%
2019	235,645	2.9%	3.4%
2020	226,214	6.2%	6.3%
2021	230,287	3.1%	3.4%
2022	239,564	2.0%	2.2%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

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

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

ANNUAL COMPREHENSIVE

Financial Report

For the Fiscal Year Ended June 30, 2022

Farmington Area Public Schools

Independent School District No. 192

20655 Flagstaff Avenue

Farmington, MN 55024

Independent School District No. 192
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III. Statistical Section – Statistical Section (Unaudited) (Continued)

Operating Information

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Independent School District No. 192
Board of Education and Administration
June 30, 2022

Board of Education	Position	Term Expires
Kyle Christensen	Chair	January 1, 2025
Hannah Simmons	Vice Chair	January 1, 2025
Steve Corraro	Clerk	January 1, 2023
Jacilyn Doyle	Treasurer	January 1, 2025
Rebecca Kaletta	Trustee	January 1, 2023
Sue Dentinger	Trustee	January 1, 2023

Administration	
Jason Berg	Superintendent
Jane Houska	Director of Finance

Farmington
AREA PUBLIC SCHOOLS

Farmington Independent School District 192

Excellence, Integrity, Innovation

Business Office
20655 Flagstaff Ave ~ Farmington, MN 55024

Phone: (651) 463-5043
Fax: (651) 463-5071

December 7, 2022

To the School Board and citizens of Independent School District No. 192:

INTRODUCTION

We are submitting the Annual Comprehensive Financial Report (ACFR) of Farmington Area Public Schools, Independent School District No. 192 (the District) for the fiscal year ended June 30, 2022.

The Farmington Area Public Schools is an outer ring suburb of the Twin Cities, covering approximately 82 square miles. The enrollment projections for 2023-24 through 2025-26 is consistent with 2021-22 enrollment of roughly 6,900 students. The age of the eleven school facilities range from 1913 to the most recent construction of a new high school in 2009. Seven of the eleven buildings were built after 1988. Over the past years, there have been classroom additions added to four sites.

Generally accepted accounting principles require budgetary reporting at the legal level of control, which is the level beyond which a budgetary head has no authority to further modify the budget. In many cases, budgetary heads do have the authority to modify budgets by moving amounts around or moving budgeted amounts from one program to another. The Farmington Area Public Schools uses bottom-line budgeting. The total General Fund expenses for the 2021-22 school year were $89,453,801 which was 1.3% over what was projected.

This report fairly presents the District's financial position and results of operations and cash flows in accordance with national and state standards. The District is responsible for its contents and has made every effort to ensure the accuracy and completeness of this presentation. An independent firm of certified public accountants audits this report.

REPORT FORMAT

This Annual Comprehensive Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this letter of transmittal, an organizational chart and a list of School Board members and administrative personnel. The financial section includes the independent auditor's report, Management's Discussion & Analysis (MD&A), basic financial statements and the combining and individual fund statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year comparative basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The District is required to undergo an annual single audit in conformity with the provisions of the Uniform Guidance. The District is also required to undergo an annual Minnesota State legal compliance audit under *Minnesota Statutes* 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document. This report contains no significant findings or questioned costs.

REPORTING ENTITY AND ITS SERVICES

The legal name of the District is Independent School District No. 192 and is often referred to as Farmington Area Public Schools. The financial reporting entity includes all the funds of the primary government (the District). Component units are legally separate entities for which the District (primary government) is financially accountable. There are no organizations considered to be component units of the District.

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

The District serves all or parts of the communities of Farmington and Lakeville and the townships of Empire, Castles Rock and Eureka in Dakota County. The District enrolled 6,866 students in 2021-2022 from a population of 37,595 citizens residing within the District.

The District is organized as a political subdivision of the State of Minnesota and is governed by an elected six member School Board. The School Board has the power and duty to set budgets, certify tax levies, issue debt and perform other tasks necessary to the operations of the District. The District is subject to the general oversight of the Minnesota Department of Education. This oversight generally includes an approval process that reviews compliance to standards enacted by legislative mandate. During 2021-2022, the District operated one high school, two middle schools, five elementary schools, an Instruction Services Center and the District Service Center. The instructional program is organized on the basis of K-5, 6-8, and grades 9-12.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The District is dependent on the state of Minnesota for its revenue authority with exceptions for the voter approved operating and bond referenda. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. The State General Education Basic revenue formula provides approximately 64.6% of General Fund revenue. Since 2009 the Basic per pupil revenue formula has increased by an average of only 1.49% per year.

As the economy struggles with a global pandemic, the enrollment growth in the District remains stable after an initial decline due the COVID-19.

STRATEGIC PLANNING AND MISSION STATEMENT

In December 2006, the District conducted a comprehensive strategic planning process. The plan is revisited every two years by a group of administrators, teachers, staff, parents and community members to measure progress, refine action steps, and continue the implementation process. This process was last completed the summer of spring of 2021. The District's refined belief statements, mission statement and strategies are summarized as follows:

District Belief statements

We Believe That:

- Each person has the capacity and desire to learn.
- Each person has inherent, immeasurable worth.
- All people develop best through personalization.
- Each person deserves respect.
- The well-being of future generations depends on us.
- We are stewards of Earth's natural resources.
- Communities thrive when all individuals are engaged.
- Each person is responsible to serve one's community
- Mutual communication is vital to relationships.
- Each person is obligated to do one's best.
- Curiosity ignites learning.
- Human diversity enriches both the individual and community.
- Integrity is crucial to trust.

Mission Statement

The mission of Farmington Area Public Schools, a student centered culture that radiates a dream of an entirely new educational world, is to ensure each student continuously achieves one's highest aspirations while demonstrating responsibility to communities through a system distinguished by:

- Passion for continuous growth
- Humanitarian purpose
- Personal reflection which gives meaning to learning
- Individual empathetic agency
- Radical trust in self and others

Guiding Principles

- Does it advance our strategic plan?
- Does it honor agency?
- Does it leverage the strengths of the learner?
- Does it cultivate the learner?
- Does it ignite the application of learning?
- Does it ensure equity?
- Does it protect the well-being of the learner?

STRATEGIC PLANNING AND MISSION STATEMENT (CONTINUED)

Objectives

- All learners possess the capacity and resiliency to create opportunities and master challenges
- All learners continuously achieve their academic and personal goals
- Each learner leads beneficial change locally and globally

Strategies

Strategy #1:
- We will cultivate a holistic education system that unifies community members, parents, staff, and students.
  - Purpose Statements:
    - We design and nurture educational spaces that are beneficial for each and every learner.
    - We will build trusting relationships by validating each person's cultural identities and personal narratives.
    - We will leverage learners' strengths to cultivate and honor multiple pathways to success.
    - We will prioritize professional learning and growth in cultural responsiveness so our diverse learners, staff and families feel safe and supported.
    - We will create a system that draws, supports and retains the most qualified staff that reflects the increasing diversity of our community.

Strategy #2:
- Our system's dynamics will be distinguished by adopted guiding principles.
  - Purpose Statements:
    - Equity for all learners I ensured by addressing barriers, creating a culture of advocacy and prioritizing accessibility.
    - The wellbeing of the learner is protected by honoring their voices and creating a safe and respectful environment.
    - Learners have opportunities that honor their agency and build trust.
    - There will be regular opportunities for learners to engage in authentic and purposeful experiences that ignite the application of learning.

Strategy #3:
- We will ensure the individual agency conducive to student driven learning.
  - Purpose Statements:
    - Educators partner with learners to make intentional learning choices and support them at each stage of the learning process including setting goals, initiating action toward goals, reflection and revision.
    - In a competency-based system, learners focus on demonstrating skills, articulating what they are learning, and why they are learning it.
    - Discussions and collaborations at all levels reflect on progress and growth.
    - Learners take risks to have enhanced experiences where the results may be different from expectations and are necessary for growth.
    - Learners collaborate and communicate across communities to engage in rich, real-world learning experiences motivated by their passions and interests.

STRATEGIC PLANNING AND MISSION STATEMENT (CONTINUED)

Strategies (Continued)

Strategy #4:
- We will exude a presence that exhibits our uniqueness and indispensability.
  - Purpose Statements:
    - We foster meaningful and trustworthy relationships creating personal connections among students, families, staff and the greater community.
    - We acknowledge each individual's differences, hardships, and advantages by ensuring they are an integral element of a united learning community.
    - We innovate to honor all voices, inspire curiosity and encourage risk.

Strategy #5:
- We will give knowledge meaning.
  - Purpose Statements:
    - Learning experiences are tailored to each learner's applicable strengths, needs, and/or talents.
    - Opportunities are provided for collaborative learning experiences through projects, mentoring, and exposure to diverse thinking.
    - Educators are supported and encouraged to explore new learning methodologies that will help learners excel in the classroom and community.
    - Our community will create and encourage a collaborative approach to competency-based learning experience with meaningful evidence and relevant skills.

STUDENT ASSESSMENT AND TESTING

Student academic growth and achievement in Farmington Area Public Schools is measured by various assessments, including federally mandated state assessments, NWEA-MAP tests, Pre-ACT, ACT and numerous classroom assessments. Results from these assessments are used to monitor individual student progress as well as building and district curriculum.

State Standardized Tests – The MCAs and ESSA

All students in Minnesota public schools are required to take either the Minnesota Comprehensive Assessments (MCA) or the equivalent Minnesota Test of Academic Skills (MTAS) in Reading (grades 3-8 and 10), Math (grades 3-8 and 11) and Science (grades 3, 5 and once in high school). The MCAs are criterion referenced tests that measure student achievement with respect to the state standards in each grade for that subject.

Staff in each school have high expectations in the classroom, which are reflected in the annual school goals. Schools examine and analyze many forms of student achievement data and write goals specifically based for student progress.

STUDENT ASSESSMENT AND TESTING (CONTINUED)

State Standardized Tests – The MCAs and ESSA (Continued)

Trends:

Farmington Public schools continue to rebound from the impact of the global Pandemic that has impacted both the participation and results of state mandated standardized testing. Overall, scores and participation rebounded somewhat in the second full year back in the classrooms, but not to pre-Pandemic levels. Compared with 2020-21 the percentage of our learners meeting or exceeding proficiency rates improved 3.6% in math and dropped 5.6% in reading. For purposes of comparison, proficiency rates for the state of Minnesota increased 1.4% for math and dropped 2.5% for reading over the same period. At least 13% more students participated in all three MCA/MTAS subjects during the 2021-22 testing cycle when compared with 2020-21 participation.

Even with this rebound, we still had significant numbers of students that did not test with opt-out rates of 14.8% for Math, 11.7% for Reading, and 23.6% for Science. Opt-out rates were generally less than 3% for among our eligible elementary school students returning to similar pre-Pandemic levels. Our middle- and high-school opt-out rates remained well above 2018-19 levels even though they significantly improved over 2020-21 levels. The participation levels do need to be considered a factor in our overall MCA/MTAS proficiency calculations.

ACT results followed the state and national trends by registering lower average composite and subject scores than last year across the board. One positive note was that the 90% of the graduating class of 2022 participated while only 67% of last year's class took the ACT. We had to offer the previous class the opportunity to take a school day ACT exam during the fall of their senior year instead of their normal offering (Spring of Junior year) due to COVID-related testing cancellations. Overall our ACT top score average composite score of 19.3 trailed the national average by .5 points and the state average by .7 points.

District Administered Standardized Tests – NWEA MAP Growth

Farmington Public Schools uses NWEA MAP Growth for grades 2 thru 8 to measure student growth from season to season and year to year. Participation was back to pre-Pandemic levels for MAP Growth participation. Using fall-to-spring growth data we saw 49.5% and 50.4% of students met or exceeded math and reading growth goals respectively from fall of 2021 to the spring of 2022. The percentage of students meeting math fall to spring growth goals increased by 2% last year and even exceeded the last (2018-19) pre-Pandemic fall to spring growth by 1.6%. The percentage of students meeting reading fall to spring growth goals increased by a whopping 5% from the 2020-21 to 2021-2022 school year.

MANAGEMENT SYSTEMS AND CONTROLS

The District is committed to developing, maintaining and improving effective management systems and controls. The District makes conscientious efforts to employ highly qualified employees through active recruitment and interview processes. Continuing professional education opportunities are provided to employees and supervisors are encouraged to provide imbedded professional development activities as a means to ensure that an environment of continuous improvement is fostered. Operations are annually evaluated to assure they function effectively and provide appropriate levels of supervision and segregation of duties. The District has documented its processing, recording and reconciling activities as it relates to financial activities with an internal control questionnaire. The documentation denotes responsibility levels, reporting requirements and timeliness of reconciliation activities.

MANAGEMENT SYSTEMS AND CONTROLS (CONTINUED)

Budget and Financial Management

The District's budget and financial management practices include the following:

Budget Timeline – Provides a timeline for the major processes related to the preparation, approval, execution and review of the District's fiscal year financial budget. The budget process includes the following activities:

Budget Planning – The District utilizes a five year financial planning model. The model includes an enrollment projection component. Funding and expenditure assumptions are built into the model which provides a detailed analysis of revenue and expenditure trends and fund equity. The model is updated and or revised as projections become actual audited numbers and assumptions become known facts.

Budget Preparation – The budget preparation cycle occurs during the 12 months prior to the District's upcoming fiscal year, which begins on the following July 1. Major processes during the budget preparation cycle include enrollment projections and the development of revenue and expenditure assumptions. Enrollment and other data are submitted to the State to generate both the local property Tax levy as well as state and federal aid entitlement amounts for the upcoming year. Allocations of district resources to the various expenditure categories are based upon budget parameters and district priorities as included in the District's Strategic Plan. Recommendations and actions taken by the administration and the School Board during the budget cycle are included in the completed budget document. A preliminary financial and operation budget document is then submitted to the School Board for review and subsequent approval prior to July 1.

Budget Approval – The School Board is required by *Minnesota Statutes* to adopt a preliminary budget prior to July 1. During the 12 month period that the budget is in place, the administration is directed to update the budget to reflect changes that have taken place after the original approval of the budget occurred. The adopted budget is typically revised to reflect enrollment changes, grant awards, employee contract settlements and changes in estimates and projections that may have occurred since the budget was originally approved. The School Board receives periodic budget updates during the fiscal year.

Budget Review – During the fiscal year and at year-end, the actual financial results are compared to the budgeted amounts. Significant variations are investigated to determine if subsequent financial projections should be adjusted. In addition, as several state aid formulas are not finalized until state-wide data is available, the District's administration is constantly reviewing historical and current data and trends to further refine its projection model for future budget cycles.

Finance Committee – The District has established a finance committee that consists of administration, School Board, staff, parents and community members. This committee reviews district financial data and provides input for budget considerations to the administration.

FINANCIAL REPORTING

This is the fourteenth year the District has prepared an Annual Comprehensive Financial Report. The District was awarded a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for their 2021 Annual Comprehensive Financial Report.

The District did implement GASB Statement No. 74 and No. 75. GASB Statement No. 68 is an all-encompassing and sweeping change to financial reporting requirements for governments. Public school districts are required to report liabilities for future pensions that are provided through pension plans administered as trusts or equivalent arrangements. New this year is the implementation of GASB 87 related to lease accounting.

ACCOMPLISHMENTS

Our district continues to be a national leader in work around creating a student centered learning environment. Over the past five year the district has hosted staff from over 150 school districts and other educational organizations.

We continue to grow as a community, have a strong financial position and strive to meet the needs of every student where they are at in their educational path.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efforts of the District's Finance Office staff in providing complete and accurate data for this report. We would also like to express our appreciation to the School Board for their interest and support in planning and conducting the financial operation of the District in a responsible manner.

Respectfully submitted,

Jane Houska

Jane A. Houska
Director of Finance

Independent School District No. 192
ASBO Certificate of Excellence

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Independent School District 192 -
Farmington Area Public Schools

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.

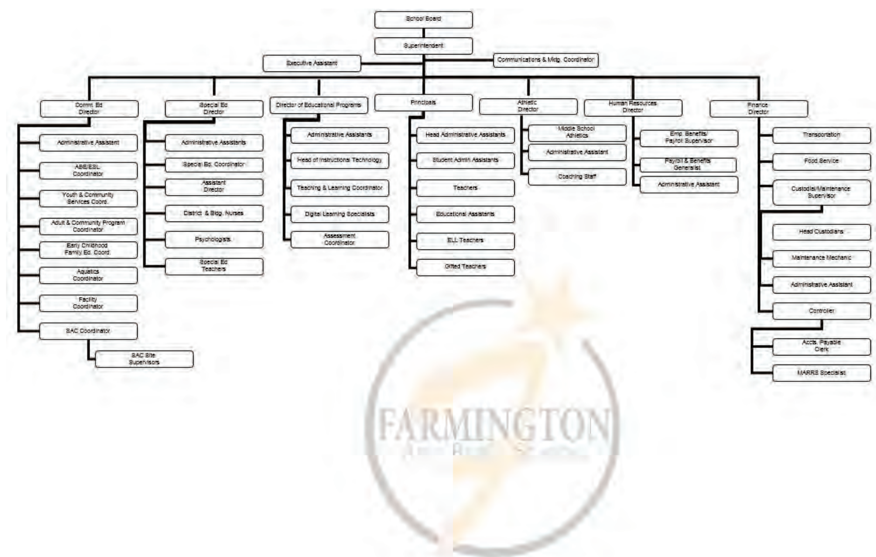
The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

William A. Sutter
President

David J. Lewis
Executive Director

Independent School District No. 192
Organizational Chart



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Independent Auditor's Report

To the School Board
Independent School District No. 192
Farmington, Minnesota

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 192, Farmington, Minnesota, as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 192, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 192and 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. 192 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 Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Other Information
Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 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.

Minneapolis, Minnesota
December 7, 2022

Farmington
AREA PUBLIC SCHOOLS

This section of the District's annual financial report presents a discussion and analysis of the District's financial performance during fiscal year ended June 30, 2022. Please read it in conjunction with the financial statements that immediately follow this section.

The MD&A is an element of required supplementary information specified in the GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999. Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The District's net position increased $16 million from current year activity ending the year at $(27.6 million).
- The School Board approved the sale of $6 million of General Obligation (G.O). Taxable Other Post-Employment Benefits (OPEB) Bonds in March of 2009, which was half of the amount needed to fund the $12 million liability at the time. As of June 30, 2022, the District currently has a net OPEB liability of $15,091,084.
- The General Fund net change in fund balance decreased by $987,966, with an end of year balance of $20.5 million.
- The Special Revenue Funds, which include Food Service and Community Service Funds, ended the year with fund balances of $1,786,216 and $770,483, respectively.
- The Capital Projects Fund reflects the spend down of the 2015 Facilities Bonds, related expenditures for building remodeling and renovation projects of $5,190,092 and revenue of $5,896 resulting from investment interest.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts: Independent Auditor's Report, required supplementary information, including the MD&A, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

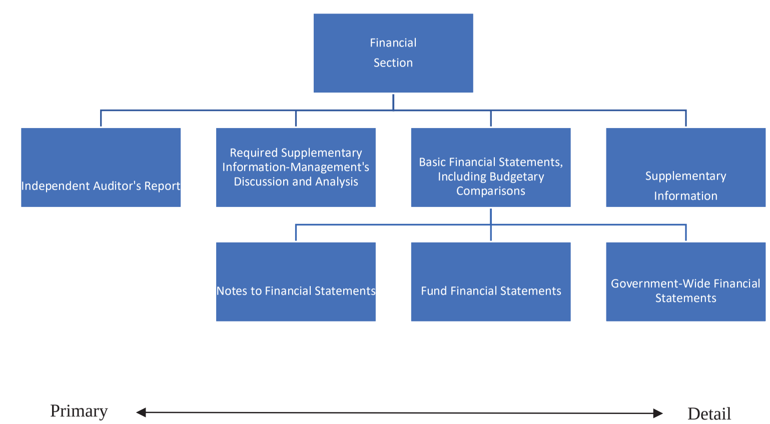
- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- Proprietary fund statements provide information about the District's self-insured medical and dental internal service funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

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



OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Major Features of the Government-Wide and Fund Financial Statements
Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

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

	District Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements
The Government-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 government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflows of resources and liabilities plus 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 declining, respectively.

- To assess the District's overall health, one needs 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 government-wide financial statements, the District's activities are divided into two categories:

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

- Business-Type Activities: The District charges fees to help it cover the costs of certain services it provides. For fiscal year 2021-22, none of the District's financial activities were included in this category.

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

FUND FINANCIAL STATEMENTS (CONTINUED)

The District has three kinds of funds:

- Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can be readily 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided between the governmental funds and the government-wide statements, which do present a long-term focus.

- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others such as the Agency Fund. In fiscal year 2009, the District established the Post-Employment Benefits Irrevocable Trust Fund. This Fund was funded by the bond proceeds issued to fund the District's OPEB obligation. Payments due to employees will be paid out of the General Fund and are reimbursed by this Trust Fund. The District cannot use these funds to finance operations.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position
The District's total net position as of June 30, 2022, was $(27,617,062) which is summarized in Figure A-3 below.

Figure A-3
Net Position – Governmental

	2021-2022	2020-2021	Percentage Change
Current and other assets	$ 74,213,511	$ 76,576,617	-3.09%
Capital assets	172,969,369	175,733,807	-1.57%
Total assets	$ 247,182,880	$ 252,310,424	-2.03%
Deferred outflows related to pensions	$ 23,530,215	$ 28,595,078	-17.71%
Other deferred outflows	1,731,344	1,924,857	-10.05%
Total deferred outflows of resources	$ 25,261,559	$ 30,519,935	-17.23%
Long-term liabilities	$ 173,507,294	$ 219,785,294	-21.06%
Other liabilities	33,390,654	32,070,942	4.11%
Total liabilities	$ 206,897,948	$ 251,856,236	-17.85%
Deferred inflows related to property taxes levied for subsequent year's expenditures	$ 30,269,138	$ 29,317,168	3.25%
Pensions	59,801,819	43,847,818	36.38%
Other deferred inflows	3,092,596	1,577,533	96.04%
Total deferred inflows of resources	$ 93,163,553	$ 74,742,519	24.65%
Net Position			
Net investment in capital assets	$ 34,093,361	$ 23,470,541	-45.26%
Restricted	8,933,427	6,402,986	39.52%
Unrestricted	(70,643,850)	(73,641,923)	4.07%
Total net position	$ (27,617,062)	$ (43,768,396)	36.90%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Net Position (Continued)
The change in net position for 2021-2022 was $16,151,334. The change is based on total revenues of $121,044,227 and total expenses of $104,892,893. Figure A-4 below shows the breakdown into the various revenue and expense categories. Comparisons are made to the prior year in an effort to quantify and explain changes that took place in the current fiscal year.

Figure A-4
Change in Net Position

Revenues	2021-2022	2020-2021	Percentage Change
Program revenues			
Charges for services	$ 5,439,048	$ 4,497,077	20.95%
Operating grants and contributions	24,317,080	20,780,363	17.02%
Capital grants and contributions	2,952,108	2,958,606	-0.22%
General revenues			
Property taxes	30,209,765	28,900,179	4.53%
State formula aid	57,078,286	58,782,787	-2.90%
Other	1,047,940	1,178,132	-11.05%
Total revenues	121,044,227	117,097,144	3.37%
Expenses			
District and school administration	3,212,056	3,508,185	-8.44%
District support services	3,237,640	3,367,370	-3.85%
Regular instruction	38,688,145	43,531,993	-11.13%
Vocational instruction	1,304,078	1,262,305	3.31%
Special education instruction	16,735,557	17,317,401	-3.36%
Instructional support services	4,081,194	4,752,815	-14.13%
Pupil support services	8,432,271	7,774,320	8.46%
Sites, buildings, and equipment	8,822,365	7,022,658	25.63%
Fiscal and other fixed cost programs	379,424	336,241	12.84%
Food service	3,599,477	2,145,086	67.80%
Community education and services	4,672,695	4,631,554	0.89%
Unallocated depreciation	8,105,546	7,708,909	5.15%
Interest and fiscal charges on long-term debt	3,622,445	3,837,286	-5.60%
Total expenses	104,892,893	107,196,123	-2.15%
Excess of revenues over (under) expenses	16,151,334	9,901,021	-63.13%
Net position - beginning	(43,768,396)	(53,669,417)	
Net position - ending	$ (27,617,062)	$ (43,768,396)	36.90%

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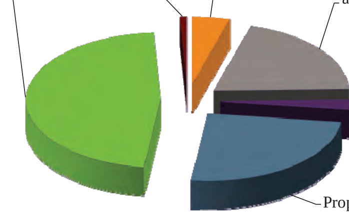
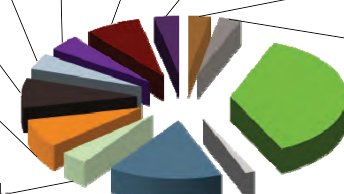
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Figure A-5
Sources of Revenue
Fiscal Year 2021-2022



As you can see Figure A-5, state aid, operating grants and contributions, and property taxes accounted for most of the District's revenue, with state aid representing 47%, operating grants and contributions 20%, and property taxes 25%. The remainder comes from fees charged for services and other sources.

Figure A-6
Expenses
Fiscal Year 2021-2022



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The major category of District's expenses is related to instructing students. Figure A-6 indicates the breakdown of the total expenses on a percentage basis. The direct instruction categories of expense, which include regular instruction, vocational instruction, and special education instruction, represent approximately 54% of the total expenses. The expenses for sites, buildings, and equipment amount to 8% and interest and fiscal charges on long-term debt amount to 4% which reflect costs for a building program designed to meet increasing enrollment each year. The indirect categories of instructional and pupil support (which includes student transportation) amount to about 12% and administration and District support services combined represented 6% of the total expenses for the year. Other major categories of expense included food service, community service, and unallocated depreciation.

GOVERNMENTAL ACTIVITIES

The District continues to invest in instructional improvements, while making reductions in those areas that do not directly affect the instructional setting.

The negative net position balance of the District is the result of debt service scheduled payments that will become positive as years progress and larger principal payments are made. The payments for the principal will come from future tax levies.

Figure A-7 represents the total cost of the District's functions and programs. The table also shows each function and program's net cost which represents the total cost less fees and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the state and local taxpayers by each of these functions and programs.

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services 2021-2022	Net Cost of Services 2021-2022	Total Cost of Services 2020-2021	Net Cost of Services 2020-2021
Administration	$ 3,212,056	$ 3,212,056	$ 3,508,185	$ 3,506,298
District support services	3,237,640	2,889,197	3,367,370	2,000,351
Elementary and secondary regular instruction	38,688,145	31,190,272	43,531,993	37,003,421
Vocational education instruction	1,304,078	1,197,043	1,262,305	1,142,499
Special education instruction	16,735,557	5,495,080	17,317,401	6,564,057
Instructional support services	4,081,194	3,908,833	4,752,815	4,407,862
Pupil support services	8,432,271	7,930,614	7,774,320	7,588,662
Sites and buildings	8,822,365	5,672,437	7,022,658	3,618,049
Fiscal and other fixed cost programs	379,424	379,424	336,241	336,241
Food service	3,599,477	(972,394)	2,145,086	177,900
Community education and services	4,672,695	(445,896)	4,631,554	1,068,542
Interest and fiscal charges on long-term debt/depreciation	11,727,991	11,727,991	11,546,195	11,546,195
Total	$ 104,892,893	$ 72,184,657	$ 107,196,123	$ 78,960,077

GOVERNMENTAL ACTIVITIES (CONTINUED)

The cost of all governmental activities this year was $104,892,893.

- The users of the District's programs through fees and other charges financed $5,439,048, or 5.2%, of the cost.
- The federal and state governments subsidized specific programs with grants and contributions totaling $27,269,188, or 26%, of the cost.
- State and local taxpayers, however, financed the majority of the costs. State aid and local property taxes as determined by the State Legislature through the state-wide funding formulas, amounted to $57,078,286 and $30,209,765, respectively, for a total of $87,288,051, or 83.2%, of the District's total costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of $30,348,842.

The General Fund operations of the District showed a slight decrease in our unassigned fund balance of $2,617, which is immaterial. The District's operating capital showed an increase of $588,189 due to being conservative in our spending.

The Debt Service Fund operations showed a fund balance increase of $113,388.

The Capital Project Fund showed a decrease in fund balance of $5,184,196 resulting from the continued renovation of the Tiger Legacy and Learning Center, addition of tennis courts at our high school and expenditures related to the completion of projects listed in our November 2015 Building Bond election and issuing .

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenue – Actual General Fund revenue was $465,227 more than the projected budget. Of this total, revenue from the sales and other conversion of assets was more than projected. The original budget was amended during the year for known changes in funding estimates.

Expenditures – Actual General Fund expenditures were $1,133,016 over budget. Although the variance is comprised of numerous items, the main areas were Special Education instruction and Sites and Buildings. Due to the challenges of hiring Special Education staff at our intermediate, we needed to provide the services within our own district causing additional costs in staff and benefits. For Sites and Buildings there were projects that developed throughout the year we needed to address. The original budget was amended during the year for known changes in current year obligations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
By the end of 2022, the District had invested $306,275,674 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment and administrative offices (See Figure A-8 on the following page). Depreciation expense for the year was $9,324,005 with total accumulated depreciation amounting to $133,673,283 (more detailed information for capital assets can be found in Note 3 to the financial statements).

Figure A-8
Capital Assets

	Governmental Activities		Percentage
	2021-2022	2020-2021	Change
Land	$ 14,109,141	$ 14,109,141	0.00%
Construction in progress	5,943,691	1,366,958	334.81%
Buildings	243,866,918	242,924,892	0.39%
Improvements other than buildings	23,802,565	23,298,069	2.17%
Equipment and furnishing	18,553,359	18,384,025	0.92%
Leased equipment	458,722	-	N/A
Less accumulated depreciation/amortization	(133,765,027)	(124,349,278)	7.57%
Total	$ 172,969,369	$ 175,733,807	-1.57%

LONG-TERM DEBT

At year-end, the District had $173,507,294 in G.O. bonds and other long-term liabilities outstanding, a decrease of 21.6% from last year, as shown in Figure A-9 (more information about the District's long-term liabilities is presented in Note 4 to the financial statements.)

Figure A-9
Outstanding Long-Term Liabilities

	Total School District		Percentage
	2021-2022	2020-2021	Change
G.O. Bonds	$ 140,502,080	$ 159,210,832	-11.75%
Finance purchase from direct borrowing	834,110	-	N/A
Lease liability	372,912	-	N/A
Compensated absences	779,527	819,447	-4.87%
Net other post employment benefits (OPEB) obligation / liability	15,091,084	17,060,138	-11.54%
Capital lease	-	1,668,220	N/A
Net pension liability	37,184,464	61,265,745	-39.31%
Amount due within one year	(21,256,883)	(20,239,088)	5.03%
Total	$ 173,507,294	$ 219,785,294	-21.06%

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time, these financial statements were prepared and audited, the District would like to note existing circumstances that could affect its financial health in the future:

- The District sold $6 million of G.O. Taxable OPEB bonds in March 2009. This amount was half of the amount required to fully fund the actuarial liability.
- The Legislature has added $135, or 2 percent per pupil, to the formula for fiscal 2023 but left more than $9 billion dollars on the table at the end of our last legislative session for the next administration to figure out. Recent experience demonstrates the legislated revenue increases have not been sufficient to meet instructional program needs, due to increased costs from inflation and required mandates. Additionally, at the State and Federal level, they continue to underfund our Special Education needs.
- The global pandemic, COVID-19, continues to cause uncertainty in our economy, our state and our education system.
- The district continues to see residential growth within its boundaries. With several developments opening in the next fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's 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 Director of Finance (phone number 651-463-5043) at the District Service Center for Farmington Area Public Schools located at 20655 Flagstaff Ave, Farmington, Minnesota 55024.

BASIC FINANCIAL STATEMENTS

Independent School District No. 192
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Cash and investments	$ 43,657,837
Current property taxes receivable	17,565,413
Delinquent property taxes receivable	469,829
Accounts receivable	109,339
Due from Department of Education	7,533,035
Due from Federal Government through Department of Education	3,719,702
Due from other governmental units	170,296
Inventory	151,353
Prepaid items	836,707
Capital assets, not being depreciated	
Land	14,109,141
Construction in progress	5,943,691
Capital assets, net of accumulated depreciation/amortization	
Buildings	137,212,791
Improvements other than buildings	11,555,070
Machinery and equipment	3,781,698
Leased equipment	366,978
Total assets	247,182,880
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	23,530,215
Deferred outflows of resources related to OPEB	1,731,344
Total deferred outflows of resources	25,261,559
Total assets and deferred outflows of resources	$ 272,444,439
Liabilities	
Accounts payable	$ 1,628,659
Contracts payable	282,688
Salaries and benefits payable	6,393,745
Interest payable	2,142,296
Due to other Minnesota school districts	776,343
Due to other governmental units	113,206
Unearned revenue	796,834
Bond principal net of premium	
Payable within one year	19,639,945
Payable after one year	120,862,135
Lease liability	
Payable within one year	87,720
Payable after one year	285,192
Finance purchase from direct borrowing	
Payable within one year	834,110
Compensated absences payable	
Payable within one year	695,108
Payable after one year	84,419
Net OPEB liability	
Payable after one year	15,091,084
Net pension liability	37,184,464
Total liabilities	206,897,948
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenditures	30,269,138
Deferred inflows of resources related to pensions	59,801,819
Deferred inflows of resources related to OPEB	2,305,250
Deferral on refunding	787,346
Total deferred inflows of resources	93,163,553
Net Position	
Net investment in capital assets	34,093,361
Restricted for	
Debt service	2,632,475
Other purposes	6,300,952
Unrestricted	(70,643,850)
Total net position	(27,617,062)
Total liabilities, deferred inflows of resources, and fund balances	$ 272,444,439

See notes to basic financial statements.

Independent School District No. 192
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	$ 3,212,056	$ -	$ -	$ -	$ (3,212,056)
District support services	3,237,640	261,510	86,933	-	(2,889,197)
Elementary and secondary regular instruction	38,688,145	818,441	6,679,432	-	(31,190,272)
Vocational education instruction	1,304,078	-	107,035	-	(1,197,043)
Special education instruction	16,735,557	206,787	11,033,690	-	(5,495,080)
Instructional support services	4,081,194	-	172,361	-	(3,908,833)
Pupil support services	8,432,271	-	501,657	-	(7,930,614)
Sites and buildings	8,822,365	197,820	-	2,952,108	(5,672,437)
Fiscal and other fixed cost programs	379,424	-	-	-	(379,424)
Food service	3,599,477	287,015	4,284,856	-	972,394
Community education and services	4,672,695	3,667,475	1,451,116	-	445,896
Unallocated depreciation (excludes direct depreciation expense of various programs)	8,105,546	-	-	-	(8,105,546)
Interest and fiscal charges on long-term debt	3,622,445	-	-	-	(3,622,445)
Total governmental activities	$ 104,892,893	$ 5,439,048	$ 24,317,080	$ 2,952,108	(72,184,657)
General revenues					
Taxes					
Property taxes, levied for general purposes					11,654,328
Property taxes, levied for community service					654,899
Property taxes, levied for debt service					17,900,538
State aid-formula grants					57,078,286
Other general revenues					1,049,631
Gain on sale of assets					17,684
Investment income					(19,375)
Total general revenues					88,335,991
Change in net position					16,151,334
Net position - beginning					(43,768,396)
Net position - ending					$ (27,617,062)

See notes to basic financial statements.

Independent School District No. 192
Balance Sheet - Governmental Funds
June 30, 2022

	General	Debt Service	Capital Projects
Assets			
Cash and investments	$ 21,025,885	$ 11,809,669	$ 3,382,620
Current property taxes receivable	6,575,919	10,145,171	-
Delinquent property taxes receivable	172,979	271,816	-
Accounts receivable	58,973	-	-
Due from Department of Education	6,955,944	505,641	-
Due from Federal Government through Department of Education	3,661,745	-	-
Due from other governmental units	170,296	-	-
Inventory	67,315	-	-
Prepaid items	806,595	-	-
Total assets	$ 39,495,651	$ 22,732,297	$ 3,382,620
Liabilities			
Accounts payable	$ 507,380	$ -	$ 386,834
Contracts payable	87,342	-	195,346
Salaries and benefits payable	6,177,432	-	-
Due to other Minnesota school districts	755,525	-	-
Due to other governmental units	113,206	-	-
Unearned revenue	546,520	-	-
Total liabilities	8,187,405	-	582,180
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	10,599,513	18,158,406	-
Unavailable revenue - delinquent property taxes	175,673	299,693	-
Total deferred inflows of resources	10,775,186	18,458,099	-
Fund Balances			
Nonspendable	873,910	-	-
Restricted	3,730,699	4,274,198	2,800,440
Assigned	7,947,867	-	-
Unassigned	7,980,584	-	-
Total fund balances	20,533,060	4,274,198	2,800,440
Total liabilities, deferred inflows of resources, and fund balances	$ 39,495,651	$ 22,732,297	$ 3,382,620

See notes to basic financial statements.

Other Nonmajor Funds	Total Governmental Funds
$ 3,663,554	$ 39,881,728
844,323	17,565,413
25,034	469,829
50,366	109,339
71,450	7,533,035
57,957	3,719,702
-	170,296
84,038	151,353
30,112	836,707
$ 4,826,834	$ 70,437,402
$ 57,038	$ 951,252
-	282,688
216,313	6,393,745
20,818	776,343
-	113,206
250,313	796,833
544,482	9,314,067
1,511,219	30,269,138
29,989	505,355
1,541,208	30,774,493
114,150	988,060
2,626,994	13,432,331
-	7,947,867
-	7,980,584
2,741,144	30,348,842
$ 4,826,834	$ 70,437,402

Independent School District No. 192
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2022

Total fund balances - governmental funds	$ 30,348,842
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	306,275,674
Less accumulated depreciation	(133,673,283)
Leased assets	458,722
Less accumulated amortization	(91,744)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bond principal payable	(134,380,000)
Unamortized bond premium and discount	(6,122,080)
Deferred charge on refunding	(787,346)
Lease liability	(372,912)
Finance purchase from direct borrowing	(834,110)
Compensated absences payable	(779,527)
Net OPEB liability	(15,091,084)
Net pension liability	(37,184,464)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	23,530,215
Deferred inflows of resources related to pensions	(59,801,819)
Deferred outflows of resources related to OPEB	1,731,344
Deferred inflows of resources related to OPEB	(2,305,250)
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 unavailable in the funds.	505,354
The self insured medical and dental internal service funds are used by management to charge the costs of the self-insured plans. The assets and liabilities of the internal service funds are included included in governmental activities in the Statement of Net Position and interfund activity is removed.	3,098,702
Governmental funds do not report a liability for accrued interest on bonds until due and payable.	(2,142,296)
Total net position - governmental activities	$ (27,617,062)

See notes to basic financial statements.

Independent School District No. 192
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2022

	General	Debt Service	Capital Projects
Revenues			
Local property taxes	$ 11,600,271	$ 16,939,979	$ -
Other local and county revenues	2,432,617	8,558	5,896
Revenue from state sources	69,838,884	5,064,983	-
Revenue from federal sources	4,093,601	-	-
Sales and other conversion of assets	24,056	-	-
Total revenues	87,989,429	22,013,520	5,896
Expenditures			
Current			
Administration	3,359,446	-	-
District support services	3,344,076	-	-
Elementary and secondary regular instruction	40,308,830	-	-
Vocational education instruction	1,359,793	-	-
Special education instruction	17,528,798	-	-
Instructional support services	4,135,489	-	-
Pupil support services	8,555,270	-	-
Sites and buildings	8,323,099	-	444,238
Fiscal and other fixed cost programs	379,424	-	-
Food service	-	-	-
Community education and services	-	-	-
Capital outlay			
Administration	5,430	-	-
District support services	42,997	-	-
Elementary and secondary regular instruction	89,374	-	-
Special education instruction	350	-	-
Instructional support services	458,812	-	-
Sites and buildings	570,851	-	4,745,854
Food service	-	-	-
Community education and services	-	-	-
Debt service			
Principal	919,920	16,105,000	-
Interest and fiscal charges	71,842	5,795,132	-
Total expenditures	89,453,801	21,900,132	5,190,092
Excess of revenues over (under) expenditures	(1,464,372)	113,388	(5,184,196)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	17,684	-	-
Lease issuance	458,722	-	-
Total other financing sources (uses)	476,406	-	-
Net change in fund balances	(987,966)	113,388	(5,184,196)
Fund Balances			
Beginning of year	21,521,026	4,160,810	7,984,636
End of year	$ 20,533,060	$ 4,274,198	$ 2,800,440

See notes to basic financial statements.

Other Nonmajor Funds	Total Governmental Funds
$ 1,493,425	$ 30,033,675
3,739,548	6,186,619
811,926	75,715,793
4,834,922	8,928,523
287,015	311,071
11,166,836	121,175,681
-	3,359,446
-	3,344,076
-	40,308,830
-	1,359,793
-	17,528,798
-	4,135,489
-	8,555,270
-	8,767,337
-	379,424
3,573,312	3,573,312
4,894,648	4,894,648
-	5,430
-	42,997
-	89,374
-	350
-	458,812
-	5,316,705
6,726	6,726
138	138
790,000	17,814,920
53,636	5,920,610
9,318,460	125,862,485
1,848,376	(4,686,804)
-	17,684
-	458,722
-	476,406
1,848,376	(4,210,398)
892,768	34,559,240
$ 2,741,144	$ 30,348,842

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Independent School District No. 192
Reconciliation of the Statement of Revenues, Expenditures,
and changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2022

Net change in fund balances - total governmental funds	$ (4,210,398)
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	6,651,311
Depreciation expense	(9,324,005)
Amortization expense	(91,744)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	39,920
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	17,814,920
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.	68,974
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	484,412
Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Net premium on new debt issuance and related amortization	1,813,753
The issuance of long-term debt provides current financial resources to governmental funds and has no effect on net position. These amounts are reported in the governmental funds as a source of financing. These amounts are not shown as revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.	
Lease proceeds	(458,722)
The self-insured medical and dental internal service funds are used by management to charge the costs of the self insured plans. The increase in net position is reported within the governmental activities in the Statement of Activities.	124,406
Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in differences between actual and expected contributions and earnings on plan investments as well as changes in proportion.	3,062,417
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 unavailable in the funds.	176,090
Change in net position - governmental activities	$ 16,151,334

See notes to basic financial statements.

Independent School District No. 192
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	$ 11,621,439	$ 11,621,439	$ 11,600,271	$ (21,168)
Other local and county revenues	1,307,600	1,891,177	2,432,617	541,440
Revenue from state sources	70,137,506	70,137,506	69,838,884	(298,622)
Revenue from federal sources	3,475,580	3,874,080	4,093,601	219,521
Sales and other conversion of assets	-	-	24,056	24,056
Total revenues	86,542,125	87,524,202	87,989,429	465,227
Expenditures				
Current				
Administration	3,398,688	3,398,688	3,359,446	(39,242)
District support services	3,446,171	3,446,171	3,344,076	(102,095)
Elementary and secondary regular instruction	41,205,973	41,387,119	40,308,830	(1,078,289)
Vocational education instruction	1,241,389	1,241,389	1,359,793	118,404
Special education instruction	15,850,936	16,651,867	17,528,798	876,931
Instructional support services	3,996,642	3,996,642	4,135,489	138,847
Pupil support services	8,604,944	8,604,944	8,555,270	(49,674)
Sites and buildings	7,833,220	7,833,220	8,323,099	489,879
Fiscal and other fixed cost programs	317,000	317,000	379,424	62,424
Capital outlay				
Administration	4,100	4,100	5,430	1,330
District support services	473,427	473,427	42,997	(430,430)
Elementary and secondary regular instruction	78,706	78,706	89,374	10,668
Special education instruction	41,252	41,252	350	(40,902)
Instructional support services	4,550	4,550	458,812	454,262
Sites and buildings	7,600	7,600	570,851	563,251
Debt service				
Principal	834,110	834,110	919,920	85,810
Interest and fiscal charges	-	-	71,842	71,842
Total expenditures	87,338,708	88,320,785	89,453,801	1,133,016
Excess of revenues under expenditures	(796,583)	(796,583)	(1,464,372)	(667,789)
Other Financing Sources				
Proceeds from sale of capital assets	-	-	17,684	17,684
Lease issuance	-	-	458,722	458,722
Total other financing sources	-	-	476,406	476,406
Net change in fund balance	$ (796,583)	$ (796,583)	(987,966)	$ (191,383)
Fund Balance				
Beginning of year			21,521,026	
End of year			$ 20,533,060	

See notes to basic financial statements.

Independent School District No. 192
Statement of Net Position - Proprietary Funds
As of June 30, 2022

	Governmental Activities - Internal Service Funds
Assets	
Current assets	
Cash and cash equivalents	$ 3,776,109
Current Liabilities	
Accounts payable	$ 677,407
Net Position	
Unrestricted	3,098,702
Total liabilities and net position	$ 3,776,109

See notes to basic financial statements.

Independent School District No. 192
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended June 30, 2022

	Governmental Activities - Internal Service Funds
Operating Revenue	
District contribution	$ 10,259,962
Operating Expenses	
Employee claims paid	10,138,576
Operating income	121,386
Nonoperating Revenue	
Interest revenue	3,020
Change in net position	124,406
Net Position	
Beginning of year	2,974,296
End of year	$ 3,098,702

Independent School District No. 192
Statement of Cash Flows - Proprietary Funds
As of June 30, 2022

	Governmental Activities - Internal Service Funds
Cash Flows - Operating Activities	
Receipts from district contributions	$ 10,259,962
Employee claims paid	(9,960,116)
Net cash flows - operating activities	299,846
Cash Flows - Investment Activities	
Interest received	3,020
Net change in cash and cash equivalents	302,866
Cash and Cash Equivalents	
Beginning of year	3,473,243
End of year	$ 3,776,109
Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating income	$ 121,386
Increase in accounts payable	182,880
Increase in due to other governmental units	(4,420)
Net cash flows - operating activities	$ 299,846

Independent School District No. 192
Statement of Fiduciary Net Position
Year Ended June 30, 2022

	Post Employment Benefits Irrevocable Trust Fund
Assets	
Current	
Cash	$ 25,051
Certificates of deposit	725,000
Government bonds	2,110,367
Total assets	$ 2,860,418
Liabilities	
Due to other governments	$ 170,297
Net Position	
Held in trust for OPEB	$ 2,690,121

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2022

	Post Employment Benefits Irrevocable Trust Fund
Additions	
Interest revenue	$ (40,664)
Less investment management fees	(250)
Total additions	(40,914)
Deductions	
Employee benefits	170,297
Change in net position	(211,211)
Net Position	
Beginning of year	2,901,332
End of year	$ 2,690,121

See notes to basic financial statements.

Farmington
AREA PUBLIC SCHOOLS

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 staggered terms.

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

A. Reporting Entity

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

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

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

The student activity accounts of the District are under board control and are not reported separately.

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, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level.

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

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 are 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 in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Private Purpose Trust and Custodial Funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and Post Employment Benefits Irrevocable Trust Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Agency Fund is reported using the accrual basis of accounting. 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. Further, the District applies unrestricted funds in this order if various levels of fund balances exist: committed, assigned, and unassigned.

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

Description of Funds:

Major Funds:

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

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

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

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.

Post Employment Benefits Debt Service Fund – This fund is used to record levy proceeds and the payment of the OPEB bond's principal and interest related costs.

Fiduciary Funds:

OPEB Trust Fund – This fund is used to account for the financial resources held by the District in a trustee capacity to be used by the District to pay OPEB benefits to employees.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds: (Continued)

Proprietary Funds:

Self Insured Medical Internal Service Fund – This fund is used to account for self-insured employee medical costs and related stop loss insurance.

Self Insured Dental Internal Service Fund – This fund is used to account for self-insured employee dental costs and related stop loss insurance.

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

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

District Governmental Funds
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. The investments of the capital projects building construction funds are not pooled and earnings on these investments are allocated directly to that fund.

Cash and investments at June 30, 2022, were comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF), certificates of deposit, government securities, and shares in the Minnesota Trust (MNTrust) Term Series.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

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

Other Post Employment Benefits Trust Fund
These funds represent investments administered by the District's OPEB fund investment managers. As of June 30, 2022, they were comprised of mutual funds. The District's investment policy extends to the OPEB Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund 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, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days and in the State Board of Investments. Investments are stated at fair value.

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 is deferred and included in the deferred inflows of resources section of the fund financial statements 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of five years. 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 or amortized 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 and amortization purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for equipment.

Capital assets not being depreciated include land. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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/expenditure) until that time. The District has two items that qualify for reporting in this category. Deferred outflows of resources related to pensions are reported in the government-wide Statement of Net Position. Deferred outflows of resources related to pensions and OPEB is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has five 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. The fourth, a deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt is recorded on the government-wide. The fifth, Deferred inflows of resources related to OPEB, is recorded for various estimate differences that will be amortized and recognized over future years.

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. Bond issuance costs are recognized as an expenditure/expense in the period the bond is issued.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

1. Vacation and Sick Pay

Eligible District employees earn vacation based upon years of service according to the various contracts. Vacation must be used by August 31 of the following year in which it was earned. An employee who is unable to use their vacation may, with the agreement of their immediate supervisor and human resources, negotiate an extension of the time for unused vacation.

Substantially all District employees are entitled to sick leave at various rates. Employees are not compensated for unused sick leave upon termination of employment, unless taken in conjunction with severance pay as described in Note 1.N. Sick leave pay taken, including related benefits, is shown as an expenditure in the year paid.

N. Post Employment Severance Benefits

Post employment severance benefits consist of lump sum early retirement incentive payments.

1. Convertible Sick Leave

Certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination, subject to certain conditions. The amount of the retirement payment is calculated by converting a portion of accrued sick leave. An accrual is made in the governmental fund incurring the liability at the time of termination. The amount of yearly retirement incentive payment that is based on convertible sick leave is recorded as a liability in the Statement of Net Position as it is earned and when it becomes probable that it will vest at some point in the future.

O. 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.

P. Postemployment Benefits Other Than Pensions (OPEB)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Equity
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 as they are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.

- Restricted Fund Balances – These amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

- Committed Fund Balances – These amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the School Board and that remain binding unless removed by the School Board by subsequent formal action. The formal action to commit a fund balance must occur prior to year-end; however, the specific amounts actually committed can be determined in the subsequent year.

- Assigned Fund Balances – These amounts are comprised of unrestricted funds constrained by the District's intent that they will be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the General Fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the District's intended use of those resources. The action to assign fund balance may be taken after the end of the year. The School board, by majority vote, may assign balances to be used for specific purposes. The board also delegated the power to assign fund balances to the Superintendent or designee.

- Unassigned Fund Balances – Residual amount in the General Fund not reported in any other classification, available for expenditure of any purpose. Also negative unassigned fund balance may be reported in other governmental funds if expenditures exceeded the restricted, committed, or assigned amounts available to those purposes.

- Minimum Fund Balance – The District will strive to maintain a minimum unassigned General Fund balance of 8-12% of the annual budget.

R. 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 investments 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

T. Budgetary Information
The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk – Deposits: For a deposit, 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* for an amount exceeding federal deposit coverage. *Minnesota Statutes* require all deposits be protected by federal depository 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. As of June 30, 2022, the District had a bank balance of $8,037,898.

Checking accounts	$ 3,780,258
Cerficates of deposit	731,952
Cerficates of deposit - OPEB	725,000
Scholarship account	14,607
Petty cash	1,677
Total deposits	$ 5,253,494

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

District Funds Other than OPEB Trust Fund
As of June 30, 2022, the District had the following investments:

	Amount	Weighted Average Maturity (Years)	Credit Rating	Level
Brokered Money Market Accounts	$ 26,403,072	N/A	N/A	N/A
Savings Deposit Accounts	5,007,047	N/A	N/A	N/A
Term Series	5,000,000	0.33	AAAm	N/A
U.S. Treasury Securities	1,948,464	N/A	N/A	2
MSDLAF + Liquid Class	770,758	N/A	AAAm	N/A
MSDLAF + Max Class	2	N/A	AAAm	N/A
Total Investments	$ 39,129,343			

At June 30, 2022, the District has a formal deposit and investment policy in place to address the following risks:

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* 118A.04 and 118A.05 limit investments to the top two rating issued by nationally recognized statistical rating organizations. The District's investment policy limits investments to those specified in the above statutes. As of June 30, 2022, the District's investments in MSDLAF and MSDLAF+ Max were rated AAAm by Standard & Poor's (S&P). The District's investments in certificates of deposit are not rated.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy states the District will diversify its investment to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. None of the District's investments were exposed to concentration of credit risk at June 30, 2022.

Interest Rate Risk: This is the risk that market value of securities will fall due to the changes in market interest rates. The District's policy states investment maturities should be scheduled to coincide with projected District cash flow needs, taking into account large routine or scheduled expenditures, as well as anticipated receipt dates of anticipated revenues. The policy also indicates investments shall be managed to attain a market rate of return through various economic and budgetary cycles, while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

District Funds Other than OPEB Trust Fund (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 it investments or collateral securities that are in the possession of an outside party. The District's investment policy on custodial credit risk states securities will 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.

1. OPEB Trust Fund
As of June 30, 2022, the market values, duration, and percent allocation of the District's OPEB Trust investments was as follows:

	Amount	Weighted Average Maturity (Years)	Credit Rating	Level
OPEB Investments				
Brokered Money Market Accounts	$ 25,571	N/A	N/A	N/A
Municipal Bonds	896,051	0.67	Aa3	2
U.S. Treasury Securities	1,213,796	1.92	N/A	2
Total Investments	$ 2,135,418			

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

- $2,844,515 of investments are valued using a quoted market prices (Level 2 inputs)

C. Deposits and Investments

Summary of cash, deposits, and investments as of June 30, 2022:

District Governmental Funds	
Deposits (Note 3.A.)	$ 4,528,494
Investments (Note 3.B.)	39,129,343
OPEB Trust Fund	
Deposits (Note 3.A.)	725,000
Investments (Note 3.B.)	2,135,418
Total deposits and investments	$ 46,518,255

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)
Cash, deposits, and investments are presented in the June 30, 2022, basic financial statements as follows:

Statement of Net Position	
Cash and investments	$ 43,657,837
Statement of Fiduciary Net Position	
Post employment benefits trust fund	
Cash and investments	2,860,418
Total deposits and investments	$ 46,518,255

NOTE 3 – 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	$ 14,109,141	$ -	$ -	$ 14,109,141
Construction in progress	1,366,958	6,022,955	1,446,222	5,943,691
Total capital assets not being depreciated	15,476,099	6,022,955	1,446,222	20,052,832
Capital assets being Depreciated				
Buildings	242,924,892	942,026	-	243,866,918
Improvements other than buildings	23,298,069	504,496	-	23,802,565
Machinery and equipment	18,384,025	169,334	-	18,553,359
Total capital assets being depreciated	284,606,986	1,615,856	-	286,222,842
Less accumulated depreciation for				
Buildings	99,594,759	7,059,368	-	106,654,127
Improvements other Than buildings	11,201,454	1,046,041	-	12,247,495
Machinery and equipment	13,553,065	1,218,596	-	14,771,661
Total accumulated depreciation	124,349,278	9,324,005	-	133,673,283
Total capital assets being depreciated, net	160,257,708	(7,708,149)	-	152,549,559
Governmental activities, capital assets net	$ 175,733,807	$ (1,685,194)	$ 1,446,222	$ 172,602,391

NOTE 3 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Change in Accounting Principle	Increases	Decreases	Ending Balance
Governmental activities					
Leased assets being amortized					
Equipment	$ -	$ 458,722	$ -	$ -	$ 458,722
Less accumulated amortization for					
Equipment	-	-	91,744	-	91,744
Governmental activities, leased assets net	$ -	$ 458,722	$ (91,744)	$ -	$ 366,978

Depreciation and amortization expense of $9,415,749 for the year ended June 30, 2022, was charged to the following governmental functions:

Administration	$ 772
District support services	4,812
Elementary and secondary regular instruction	43,790
Special education instruction	662
Instructional support services	96,447
Pupil support services	9,474
Sites and buildings	1,131,483
Food service	22,579
Community service	184
Unallocated	8,105,546
Total depreciation expense	$ 9,415,749

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Maturity Date	Principal Outstanding	Due Within One Year
Long-term liabilities						
G.O. Bonds, including refunding bonds						
2013A Alternative Facilities Bonds	03/06/13	2.00%-2.75%	$ 2,260,000	02/01/28	$ 1,060,000	$ 165,000
2013C OPEB Refunding	12/05/13	0.65%-3.40%	5,840,000	02/01/23	820,000	820,000
2014A Refunding Bonds	06/04/14	3.00%-4.00%	71,220,000	02/01/27	47,915,000	4,415,000
2015A Crossover Refunding Bonds	02/05/15	4.00%-5.00%	20,475,000	02/01/27	14,265,000	940,000
2015C Refunding Bonds	12/16/15	2.00%-3.00%	28,640,000	02/01/24	16,270,000	9,105,000
2016A Building Bonds	02/03/16	2.00%-3.00%	43,730,000	02/01/31	43,730,000	-
2019A LTFM Bonds	06/13/19	3.00%-5.00%	9,220,000	02/01/27	8,380,000	395,000
2020A Refunding Bonds	01/07/20	5.00%	5,715,000	02/01/23	1,940,000	1,940,000
Plus Unamortized Premium					6,122,080	1,859,945
Total G.O. bonds					140,502,080	19,639,945
Finance purchase from direct borrowing					834,110	834,110
Lease liability					372,912	87,720
Compensated absences					779,527	695,108
Total all long-term liabilities					$ 142,488,629	$ 21,256,883

The long-term bond liabilities listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. The lease liability was issued to finance instructional equipment.

NOTE 4 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

	Beginning Balance	Change in Accounting Principle	Additions	Retirements	Ending Balance
Long-term liabilities					
G.O. bonds	$ 151,275,000	$ -	$ -	$ 16,895,000	$ 134,380,000
Bond premiums	7,935,832	-	-	1,813,752	6,122,080
Finance purchase from direct borrowing	1,668,220	-	-	834,110	834,110
Lease liability	-	458,722	-	85,810	372,912
Compensated absences	819,447	758,447	758,447	798,367	779,527
Total long-term liabilities	$ 161,698,499	$ 1,217,169	$ 758,447	$ 20,427,039	$ 142,488,629

The General Fund typically liquidates the liability related to compensated absences. The Debt Service Funds typically liquidates the liability related to G.O. bonds and the Post-Employment Benefits. The General Fund typically liquidates the liability related to the lease.

C. Minimum Debt Payments for Bonds and Leases

Minimum annual principal and interest payments required to retire bond liabilities:

Year Ending June 30	G.O. Bonds Principal	G.O. Bonds Interest	Total
2023	$ 17,780,000	$ 5,060,161	$ 22,840,161
2024	17,330,000	4,233,175	21,563,175
2025	15,345,000	3,542,750	18,887,750
2026	16,550,000	2,888,794	19,438,794
2027	17,700,000	2,182,094	19,882,094
2028-2032	47,900,000	4,071,338	51,971,338
2033-2034	1,775,000	80,250	1,855,250
Total	$ 134,380,000	$ 22,058,562	$ 156,438,562
Plus Net Bond Premium	6,122,080	-	6,122,080
Total	$ 140,502,080	$ 22,058,562	$ 162,560,642

NOTE 4 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments for Bonds and Leases (Continued)

Year Ending June 30	Lease Liability Principal	Lease Liability Interest	Total
2023	$ 87,720	$ 13,320	$ 101,040
2024	91,294	9,746	101,040
2025	95,013	6,027	101,040
2026	98,885	2,155	101,040
Total	$ 372,912	$ 31,248	$ 404,160

D. Finance Purchase from Direct Borrowing

The District entered into a finance purchase agreement on October 23, 2019, with Apple, Inc. for computer equipment. The finance purchase and corresponding capital assets totaled $3,336,440. The lease agreement includes annual principal payments of $834,110 with the final payment due on July 11, 2022. The agreement provides 0% interest. The lease liability at June 30, 2022, is $834,110.

E. Lease Liability

The District entered into lease agreements for equipment. The lease agreements include annual principal and interest payments that are shown above. The discount rate for the lease liabilities is 4.0%.

NOTE 5 – FUND BALANCES/NET POSITION

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

Fund Equity

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

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Restricted Fund Balance

	General Fund	Debt Service	Capital Projects	Other Nonmajor Funds	Total
Nonspendable for					
Inventory	$ 67,315	$ -	$ -	$ 84,038	$ 151,353
Prepaid items	806,595	-	-	30,112	836,707
	873,910	-	-	114,150	988,060
Restricted for					
Student Activities	110,658				110,658
Safe School Levy	403,934	-	-	-	403,934
Staff Development	423,809	-	-	-	423,809
Medical Assistance	592,743	-	-	-	592,743
Operating Capital	2,049,819	-	-	-	2,049,819
Basic skills	149,736	-	-	-	149,736
Community Education	-	-	-	526,939	526,939
Early childhood and family education	-	-	-	51,598	51,598
School Readiness	-	-	-	155,810	155,810
Food Service	-	-	-	1,695,602	1,695,602
Community Service	-	-	-	12,600	12,600
Debt Service	-	4,274,198	-	184,445	4,458,643
Capital Projects	-	-	2,800,440	-	2,800,440
	3,730,699	4,274,198	2,800,440	2,626,994	13,432,331
Assigned for					
Classroom Technology	2,340,309	-	-	-	2,340,309
Donations	401,114	-	-	-	401,114
Long-Term Facilities Maintenance	100,000	-	-	-	100,000
Building and Grounds	406,444	-	-	-	406,444
Self Insurance	500,000	-	-	-	500,000
Community Education	200,000	-	-	-	200,000
Maintain class size	4,000,000	-	-	-	4,000,000
	7,947,867	-	-	-	7,947,867
Unassigned for					
General purposes	7,980,584	-	-	-	7,980,584
Total fund balance	$ 20,533,060	$ 4,274,198	$ 2,800,440	$ 2,741,144	$ 30,348,842

Nonspendable for Inventory – This balance represents the portion of fund balance that is not available as amounts have already been spent on inventory.

Nonspendable for Prepaid Items – This balance represents the portion of fund balance that is not available as the amounts have already been spent by the District on items for the next year.

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Restricted Fund Balance (Continued)

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

Restricted for Safe Schools – Crime Levy – The unspent resources available from the levy must be reserved in this account for future use.

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

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

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

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

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

Restricted for School Readiness – This balance represents the resources available to provide for services for school readiness programs. Related to Finance Code 344, School Readiness *Minnesota Statutes* 124D.16.

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

Restricted for Community Service – This balance represents the positive fund balance of the Community Service Fund.

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

Restricted for Capital Projects – This balance represents accumulated resources for capital projects.

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Restricted Fund Balance (Continued)
Restricted for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, early childhood and family education, and extended day programs. While the state mandates tracking this restriction regardless of whether it has a negative balance, accounting principles generally accepted in the United States of America do not permit a negative restricted presentation.

Restricted for Early Childhood and Family Education – This balance represents the resources available to provide for services for early childhood and family education programming. While the state mandates tracking this restriction regardless of whether it has a negative balance, accounting principles generally accepted in the United States of America do not permit a negative restricted presentation.

B. Net Position
Net Investment in Capital Assets – This amount represents the net book value of the District's capital assets less the balance of outstanding debt used to acquire them.

Restricted for Debt Service – This amount represents resources restricted for future debt service in accordance with bond covenants and other agreements.

Restricted for Other Purpose – This amount represents total positive General Fund restricted fund balances, plus the fund balances in the Community Service and Food Service Funds.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans, total pension expense for the year ended June 30, 2022, was $1,394,499. 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 the Minnesota State.

NOTE 6 – 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 1 Benefits

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

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

Teachers' Retirement Association (Continued)

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
Basic	11.0%	11.92%	11.0%	12.13%	11.0%	12.34%
Coordinated	7.5%	7.92%	7.5%	8.13%	7.5%	8.34%

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

Teachers' Retirement Association (Continued)

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

Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	$ 448,829
Deduct 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 basic financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

NOTE 6 – 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
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality Assumptions	
Pre-retirement	RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

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

Teachers' Retirement Association (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	35.5 %	5.10 %
International stocks	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

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 6 – 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 $30,966,692 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 0.7076% at the end of the measurement period and 0.7089% 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	$ 30,966,692
State's proportionate share of the net pension liability associated with the District	2,611,768

For the year ended June 30, 2022, the District recognized pension expense of $1,404,333. Included in this amount, the District recognized $(29,244) 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	$ 840,259	$ 864,180
Net difference between projected and actual earnings on plan investment	-	25,934,598
Changes of assumptions	11,348,186	27,008,699
Changes in proportion	2,857,594	80,038
Contributions to TRA subsequent to the measurement date	3,642,307	-
Total	$ 18,688,346	$ 53,887,515

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)
The $3,642,307 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.

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	$ (18,078,850)
2024	(14,842,347)
2025	(3,498,190)
2026	(4,591,916)
2027	2,169,827
Total	$ (38,841,476)

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 (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
$ 62,554,225	$ 30,966,692	$ 5,062,397

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.

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

Teachers' Retirement Association (Continued)

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.

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 plan is 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.

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits (Continued)

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.

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 $828,538. 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 $6,217,772 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 $189,819.

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

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 0.1456% at the end of the measurement period and 0.1483% for the beginning of the period.

School's proportionate share of net pension liability	$ 6,217,772
State of Minnesota's proportionate share of the net pension liability associated with the School	189,819
Total	$ 6,407,591

For the year ended June 30, 2022, the District recognized pension expense of $(9,834) for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized an additional $15,315 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.

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 sources on the following page.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 37,202	$ 190,690
Changes in actuarial assumptions	3,796,443	138,139
Difference between projected and actual investments earnings	-	5,376,693
Change in proportion	179,686	208,782
Contributions paid to PERA subsequent to the measurement date	828,538	-
Total	$ 4,841,869	$ 5,914,304

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The $828,538 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 Amount
2023	$ (305,742)
2024	(41,500)
2025	(84,991)
2026	(1,468,740)
Total	$ (1,900,973)

E. Long-Term Expected Return on Investment

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

Asset Class	Final Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.0 %	5.10 %
International stocks	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

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

Public Employees' Retirement Association (Continued)

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.

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.

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

Public Employees' Retirement Association (Continued)

G. Discount Rates
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 (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	$ 12,681,082	$ 6,217,772	$ 914,233

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 basic financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 7 – 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.

All funds of the District participate in the Dental Self-Insurance program. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates it is probable a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. The District self-insures for dental coverage up to certain limits. A stop-loss policy was purchased that limits the District's loss to $1,000 per incident. The total claims liability reported in the fund at June 30, 2022, was $11,835 and included amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 7 – RISK MANAGEMENT (CONTINUED)

Changes in the fund's claims liability amounts for the past three years are as listed:

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2020	$ 8,089	$ 448,895	$ 449,733	$ 7,251
2021	7,251	535,263	532,121	10,393
2022	10,393	559,955	558,513	11,835

Beginning in 2014, the District has provided a health care self-insurance program. Under this program, the fund provides up to a maximum of $125,000 for each health claim. All funds of the District participate in this program and make payments to the Health Insurance Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the basic financial statements indicates it is probable a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. A stop-loss policy was purchased that limits the District's loss to 125% of premiums. The total claims liability reported in the fund at June 30, 2022, was $665,572 which is comprised of the liability for known claims as well as an estimate for claims incurred but not yet reported.

Changes in the fund's claims liability amounts since inception of the fund are as follows:

Year	Beginning Balance	Claims Expense and Estimates	Claims Payments	Ending Balance
2020	$ 673,160	$ 7,718,712	$ 7,846,667	$ 545,205
2021	545,205	10,263,843	10,320,494	488,554
2022	488,554	9,578,621	9,401,603	665,572

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description
The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by PreferredOne. 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
Under the terms of collectively bargained employment contracts, the District is required to pay the health and dental insurance premiums for Plan C for retired employees until they reach the age 65 up to a maximum of ten years. For employees meeting a certain length of service experience requirements, the amounts to be paid is equal to the same insurance premium benefit as a full-time employee in the retiring employee's respective bargaining unit. The General Fund, Food Service Fund, and Community Service Fund typically liquidate the Liability related to OPEB.

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

C. Members
As of July 1, 2020 the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	117
Active employees	804
Total	921

D. Contributions
Retirees and their spouses contribute to the health care plan at the same rate as District employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the District, based on the contract terms with PreferredOne. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2022, the District contributed $966,132 to the plan.

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

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	3.80%, net of investment expense
Salary increases	Service graded table
Inflation	2.50%
Healthcare cost trend increases	6.25% in 2021 grading to 5.00% over 5 years and then to 4.00% over the next 48 years
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale

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

Changes in actuarial assumptions for the fiscal year ending June 30, 2022:

- The expected long-term return investment return was changed from 2.40% to 4.00%.
- The discount rate was changed from 2.10% to 3.80%

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	95.0 %	4.0 %
Cash	5.0	3.0
Total	100.0 %	4.0 %

The details of the investments and the investment policy are described in Note 3. of the District's basic financial statements. For the year ended June 30, 2022, the annual money-weighed rate of return on investments, net of investment expense, was (1.40%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 3.80%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Independent School District No. 192
Notes to Basic Financial Statements

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	$ 19,961,470	$ 2,901,332	$ 17,060,138
Changes for the year			
Service cost	632,474	-	632,474
Interest	420,602	-	420,602
Assumption changes	(2,096,912)	-	(2,096,912)
Plan changes	-	-	-
Employer Contributions	-	966,132	(966,132)
Projected investment return	-	116,053	(116,053)
Differences between expected and actual economic experience	-	(156,717)	156,717
Benefit Payment	(1,136,429)	(1,136,429)	-
Administrative expense	-	(250)	250
Other changes	-	-	-
Net changes	(2,180,265)	(211,211)	(1,969,054)
Balances at June 30, 2022	$ 17,781,205	$ 2,690,121	$ 15,091,084

Plan fiduciary net position as a percentage of the total OPEB liability 15.13%

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 3.80% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% Decrease in Discount Rate (2.80%)	Current Discount Rate (3.80%)	1% Increase in Discount Rate (4.80%)
Net OPEB liability (asset)	$ 16,440,947	$ 15,091,084	$ 13,821,911

NOTE 8 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity (Continued)
The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percent lower and 1 percent higher than the current healthcare cost trend rates.

	1% decrease (5.25% decreasing to 4.00%)	Current (6.25% decreasing to 5.00%)	1% increase (7.25% decreasing to 6.00%)
Net OPEB liability (asset)	$ 13,010,534	$ 15,091,084	$ 17,531,106

I. 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 $897,158. 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
Liability losses	$ 728,961	$ -
Investment gains/losses	152,267	-
Changes of assumptions	850,116	2,305,250
Total	$ 1,731,344	$ 2,305,250

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

Year Ending June 30,	Total
2023	$ (34,215)
2024	(36,795)
2025	(44,243)
2026	52,245
2027	(63,056)
Thereafter	(447,842)
Total	$ (573,906)

NOTE 9 – COMMITMENTS

As of June 30, 2022, the District had various commitments with contractors totaling $2,455,551 for building and construction activity.

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This resulted in the District recognizing leased assets and lease liability and also resulted in certain capital leases being reclassified to finance purchases from direct borrowing.

NOTE 11 – 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. 192
Schedule of Changes in Net OPEB Liability
and Related Ratios

	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service cost	$ 726,831	$ 665,222	$ 647,172
Interest	482,025	493,708	586,482
Differences between expected and actual experience	-	-	198,289
Changes of assumptions	-	(797,123)	473,406
Changes in plans	-	-	(377,313)
Benefit payments	(751,247)	(708,461)	(746,305)
Other changes	-	-	-
Net change in total OPEB liability	457,609	(346,654)	781,731
Beginning of year	16,861,384	17,318,993	16,972,339
End of year	$ 17,318,993	$ 16,972,339	$ 17,754,070
Plan Fiduciary Net Pension (FNP)			
Employer contributions	$ 751,247	$ 708,461	$ 746,305
Net investment income	28,682	34,909	68,737
Differences between expected and actual experience	-	29,523	(12,892)
Benefit payments	(751,247)	(708,461)	(746,305)
Administrative expense	(250)	(250)	(250)
Net change in plan fiduciary net position	28,432	64,182	55,595
Beginning of year	2,656,859	2,685,291	2,749,473
End of year	$ 2,685,291	$ 2,749,473	$ 2,805,068
Net OPEB liability	$ 14,633,702	$ 14,222,866	$ 14,949,002
Plan FNP as a percentage of the total OPEB liability	15.50%	16.20%	15.80%
Covered-employee payroll	$ 41,917,312	$ 43,174,831	$ 46,206,251
Net OPEB liability as a percentage of covered-employee payroll	34.91%	32.94%	32.35%

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

See notes to required supplementary information.

June 30, 2020	June 30, 2021	June 30, 2022
$ 767,241	$ 845,827	$ 632,474
560,192	466,692	420,602
-	839,760	-
981,466	(228,714)	(2,096,912)
-	-	-
(908,147)	(1,116,917)	(1,136,429)
-	-	-
1,400,752	806,648	(2,180,265)
17,754,070	19,154,822	19,961,470
$ 19,154,822	$ 19,961,470	$ 17,781,205
$ 908,147	$ 1,116,917	$ 966,132
81,347	68,374	116,053
(37,261)	(15,696)	(156,717)
(908,147)	(1,116,917)	(1,136,429)
(250)	(250)	(250)
43,836	52,428	(211,211)
2,805,068	2,848,904	2,901,332
$ 2,848,904	$ 2,901,332	$ 2,690,121
$ 16,305,918	$ 17,060,138	$ 15,091,084
14.87%	14.53%	15.13%
$ 47,592,439	$ 49,646,775	$ 51,136,178
34.26%	34.36%	29.51%

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Independent School District No. 192
Schedule of Investment Returns

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Annual money-weighted rate of return, net of investment expense	1.10%	2.40%	2.00%	1.60%	1.80%	-1.40%

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

Independent School District No. 192
Schedule of District's and Non-Employer Proportionate Share
(if Applicable) 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 Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1622%	$ 7,619,343	$ -	$ 7,619,343	$ 8,515,752	89.5%	78.7%
2015	0.1530%	7,929,254	-	7,929,254	8,842,627	89.7%	78.2%
2016	0.1483%	12,041,224	157,224	12,198,448	9,202,187	132.6%	68.9%
2017	0.1488%	9,499,294	119,427	9,618,721	9,584,547	100.4%	75.9%
2018	0.1481%	8,215,981	269,573	8,485,554	9,954,400	85.2%	79.5%
2019	0.1418%	7,839,804	243,656	8,083,460	10,037,213	80.5%	80.2%
2020	0.1483%	8,891,263	274,223	9,165,486	10,579,533	86.6%	79.1%
2021	0.1456%	6,217,772	189,819	6,407,591	10,591,680	60.5%	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
(if Applicable) 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 Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.6781%	$ 31,246,360	$ 2,198,129	$ 33,444,489	$ 30,951,565	101.0%	81.5%
2015	0.6510%	40,270,788	4,939,925	45,210,713	33,040,653	121.9%	76.8%
2016	0.6392%	152,464,451	15,304,345	167,768,796	33,247,107	458.6%	44.9%
2017	0.6789%	135,520,755	13,099,880	148,620,635	36,546,720	370.8%	51.6%
2018	0.6849%	43,019,915	4,041,951	47,061,866	37,841,587	113.7%	78.1%
2019	0.6975%	44,458,796	3,934,331	48,393,127	39,597,808	112.3%	78.2%
2020	0.7089%	52,374,482	4,389,088	56,763,570	41,193,826	127.1%	75.5%
2021	0.7076%	30,966,692	2,611,768	33,578,460	42,340,886	73.1%	86.6%

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

Independent School District No. 192
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	$ 617,392	$ 617,392	$ -	$ 8,515,752	7.25%
2015	663,197	663,197	-	8,842,627	7.50%
2016	690,164	690,164	-	9,202,187	7.50%
2017	718,841	718,841	-	9,584,547	7.50%
2018	746,580	746,580	-	9,954,400	7.50%
2019	752,791	752,791	-	10,037,213	7.50%
2020	793,465	793,465	-	10,579,533	7.50%
2021	794,376	794,376	-	10,591,680	7.50%
2022	828,538	828,538	-	11,047,173	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	$ 2,166,610	$ 2,166,610	$ -	$ 30,951,565	7.00%
2015	2,478,049	2,478,049	-	33,040,653	7.50%
2016	2,493,533	2,493,533	-	33,247,107	7.50%
2017	2,741,004	2,741,004	-	36,546,720	7.50%
2018	2,838,119	2,838,119	-	37,841,587	7.50%
2019	3,052,991	3,052,991	-	39,597,808	7.71%
2020	3,262,551	3,262,551	-	41,193,826	7.92%
2021	3,442,314	3,442,314	-	42,340,886	8.13%
2022	3,642,307	3,642,307	-	43,672,746	8.34%

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

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 0.0% 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.

2017 Changes
Changes in Actuarial Assumptions
- The discount rate was increased to 5.12% from 4.66%.

TRA Retirement Fund (Continued)

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

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

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

TRA Retirement Fund (Continued)

2015 Changes (Continued)
Changes in Actuarial Assumption
- 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%.

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.

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Independent School District No. 192
Notes to the Required Supplementary Information

Post-Employment Health Care Plan

2022 Changes
Changes in Actuarial Assumptions
- The expected long-term investment return was changed from 2.40% to 4.00%.
- The discount rate was changed from 2.10% to 3.80%.

2021 Changes
Changes in Actuarial Assumptions
- The expected long-term investment return was changed from 2.90% to 2.40%.
- The discount rate was changed from 2.40% to 2.10%.

2020 Changes
Changes in Actuarial Assumptions
- The expected long-term investment return was changed from 2.50% to 2.90%.
- The discount rate was changed from 3.10% to 2.40%.

2019 Changes
Changes in Actuarial Assumptions
- The health care trend rates and mortality tables were updated.
- The expected long-term investment return was changed from 1.30% to 2.50%.
- The discount rate was changed from 3.40% to 3.10%.

2018 Changes
Changes in Actuarial Assumptions
- The discount rate was changed from 2.8% to 3.4%.

Farmington
AREA PUBLIC SCHOOLS

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SUPPLEMENTARY INFORMATION

Independent School District No. 192
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue			Debt Service	
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	Total Nonmajor Funds
Assets					
Cash and investments	$ 1,810,764	$ 1,292,097	$ 3,102,861	$ 560,693	$ 3,663,554
Current property taxes receivables	-	370,862	370,862	473,461	844,323
Delinquent property taxes receivable	-	11,059	11,059	13,975	25,034
Accounts receivable	37,801	12,565	50,366	-	50,366
Due from Department of Education	295	70,976	71,271	179	71,450
Due from Federal Government through Department of Education	12,254	45,703	57,957	-	57,957
Inventory	84,038	-	84,038	-	84,038
Prepaid items	6,576	23,536	30,112	-	30,112
Total assets	$ 1,951,728	$ 1,826,798	$ 3,778,526	$ 1,048,308	$ 4,826,834
Liabilities					
Accounts payable	$ 37,670	$ 19,368	$ 57,038	$ -	$ 57,038
Salaries and benefits payable	-	216,313	216,313	-	216,313
Due to other Minnesota Districts	-	20,818	20,818	-	20,818
Unearned revenue	127,842	122,471	250,313	-	250,313
Total liabilities	165,512	378,970	544,482	-	544,482
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	-	663,791	663,791	847,428	1,511,219
Unavailable revenue - delinquent property taxes	-	13,554	13,554	16,435	29,989
Total deferred inflows of resources	-	677,345	677,345	863,863	1,541,208
Fund Balances					
Nonspendable	90,614	23,536	114,150	-	114,150
Restricted	1,695,602	746,947	2,442,549	184,445	2,626,994
Total fund balances	1,786,216	770,483	2,556,699	184,445	2,741,144
Total liabilities, deferred inflows of resources, and fund balances	$ 1,951,728	$ 1,826,798	$ 3,778,526	$ 1,048,308	$ 4,826,834

Independent School District No. 192
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2022

	Special Revenue Funds			Debt Service	
	Food Service	Community Service	Total	Post Employment Benefits Debt Service	Total Nonmajor Funds
Revenues					
Local property taxes	$ -	$ 649,577	$ 649,577	$ 843,848	$ 1,493,425
Other local and county revenues	795	3,738,753	3,739,548	-	3,739,548
Revenue from state sources	81,783	728,351	810,134	1,792	811,926
Revenue from federal sources	4,203,073	631,849	4,834,922	-	4,834,922
Sales and other conversion of assets	287,015	-	287,015	-	287,015
Total revenues	4,572,666	5,748,530	10,321,196	845,640	11,166,836
Expenditures					
Current					
Food service	3,573,312	-	3,573,312	-	3,573,312
Community education and services	-	4,894,648	4,894,648	-	4,894,648
Capital outlay					
Food service	6,726	-	6,726	-	6,726
Community education and services	-	138	138	-	138
Debt service					
Principal	-	-	-	790,000	790,000
Interest and fiscal charges	-	-	-	53,636	53,636
Total expenditures	3,580,038	4,894,786	8,474,824	843,636	9,318,460
Net change in fund balances	992,628	853,744	1,846,372	2,004	1,848,376
Fund Balances					
Beginning of year	793,588	(83,261)	710,327	182,441	892,768
End of year	$ 1,786,216	$ 770,483	$ 2,556,699	$ 184,445	$ 2,741,144

Independent School District No. 192
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Fund
Year Ended June 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Other local and county revenues	$ 38,500	$ 38,500	$ 795	$ (37,705)
Revenue from state sources	-	-	81,783	81,783
Revenue from federal sources	2,492,909	2,492,909	4,203,073	1,710,164
Sales and other conversion of assets	833,485	833,485	287,015	(546,470)
Total revenues	3,364,894	3,364,894	4,572,666	1,207,772
Expenditures				
Current				
Food service	3,143,067	3,143,067	3,573,312	430,245
Capital outlay				
Food service	51,300	51,300	6,726	(44,574)
Total expenditures	3,194,367	3,194,367	3,580,038	385,671
Excess of revenues over expenditures	$ 170,527	$ 170,527	992,628	$ 822,101
Fund Balance				
Beginning of year			793,588	
End of year			$ 1,786,216	

Independent School District No. 192
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Fund
Year Ended June 30, 2022

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues				
Local property taxes	$ 698,183	$ 698,183	$ 649,577	$ (48,606)
Other local and county revenues	3,132,932	3,132,932	3,738,753	605,821
Revenue from state sources	726,843	726,843	728,351	1,508
Revenue from federal sources	5,950	5,950	631,849	625,899
Total revenues	4,563,908	4,563,908	5,748,530	1,184,622
Expenditures				
Current				
Community education and services	4,634,993	4,634,993	4,894,648	259,655
Capital outlay				
Community education and services	2,000	2,000	138	(1,862)
Total expenditures	4,636,993	4,636,993	4,894,786	257,793
Excess of revenues over (under) expenditures	$ (73,085)	$ (73,085)	853,744	$ 926,829
Fund Balance				
Beginning of year			(83,261)	
End of year			$ 770,483	

Independent School District No. 192
Scheudule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended June 30, 2022

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Local property taxes	$ 17,423,708	$ 16,939,979	$ (483,729)
Other local and county revenues	-	8,558	8,558
Revenue from state sources	4,157,717	5,064,983	907,266
Total revenues	21,581,425	22,013,520	432,095
Expenditures			
Debt service			
Principal	16,105,000	16,105,000	-
Interest and fiscal charges	5,796,330	5,795,132	(1,198)
Total expenditures	21,901,330	21,900,132	(1,198)
Excess of revenues over (under) expenditures	$ (319,905)	113,388	$ 433,293
Fund Balance			
Beginning of year		4,160,810	
End of year		$ 4,274,198	

Independent School District No. 192
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Post Employment
Benefits Debt Service Fund
Year Ended June 30, 2022

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Local property taxes	$ 848,483	$ 843,848	$ (4,635)
Revenue from state sources	-	1,792	1,792
Total revenues	848,483	845,640	(2,843)
Expenditures			
Debt service			
Principal	790,000	790,000	-
Interest and fiscal charges	53,160	53,636	476
Total expenditures	843,160	843,636	476
Excess of revenues over (under) expenditures	$ 5,323	2,004	$ (3,319)
Fund Balance			
Beginning of year		182,441	
End of year		$ 184,445	

Independent School District No. 192
Schedule of Revenue, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Projects Fund
Year Ended June 30, 2022

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Other local and county revenues	$ -	$ 5,896	$ 5,896
Expenditures			
Current			
Sites and buildings	-	444,238	444,238
Capital outlay			
Sites and buildings	-	4,745,854	4,745,854
Total expenditures	-	5,190,092	5,190,092
Excess of revenues over (under) expenditures	$ -	(5,184,196)	$ (5,184,196)
Fund Balance			
Beginning of year		7,984,636	
End of year		$ 2,800,440	

Independent School District No. 192
Combining Statement of
Net Position - Internal Service Funds
June 30, 2022

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Assets			
Cash and cash equivalents	$ 3,001,755	$ 774,354	$ 3,776,109
Liabilities			
Accounts payable	665,572	11,835	677,407
Due to other governmental units	-	-	-
Total liabilities	665,572	11,835	677,407
Net Position			
Unrestricted	2,336,183	762,519	3,098,702
Total liabilities and net position	$ 3,001,755	$ 774,354	$ 3,776,109

Independent School District No. 192
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2022

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Operating Revenues			
Contribution	$ 9,695,992	$ 563,970	$ 10,259,962
Operating Expenses			
Employee claims paid	9,578,621	559,955	10,138,576
Operating income	117,371	4,015	121,386
Nonoperating Revenues			
Interest revenue	3,020	-	3,020
Change in net position	120,391	4,015	124,406
Net Position			
Beginning of year	2,215,792	758,504	2,974,296
End of year	$ 2,336,183	$ 762,519	$ 3,098,702

Independent School District No. 192
Combining Statement of Cash Flows -
Internal Service Funds
As of June 30, 2022

	Internal Service Funds		
	Self-Insured Medical Internal Service Fund	Self-Insured Dental Internal Service Fund	Total
Cash Flows - Operating Activities			
Receipts from district contributions	$ 9,695,992	$ 563,970	$ 10,259,962
Employee claims paid	(9,401,603)	(558,513)	(9,960,116)
Net cash flows - operating activities	294,389	5,457	299,846
Cash Flows - Investment Activities			
Interest received	3,020	-	3,020
Net change in cash and cash equivalents	297,409	5,457	302,866
Cash and Cash Equivalents			
Beginning of year	2,704,346	768,897	3,473,243
End of year	$ 3,001,755	$ 774,354	$ 3,776,109
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	$ 117,371	$ 4,015	$ 121,386
Adjustments to reconcile operating Income (loss) to net cash Flows - operating activities			
Accounts payable	181,438	1,442	182,880
Due to other governmental units	(4,420)	-	(4,420)
Net adjustments	177,018	1,442	178,460
Net cash flows - operating activities	$ 294,389	$ 5,457	$ 299,846

Independent School District No. 192
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2022

	Audit	UFARS	Audit-UFARS
01 GENERAL FUND			
Total revenue	$ 87,989,429	$ 87,989,429	$ -
Total expenditures	89,453,801	89,453,797	4
Nonspendable:			
460 Nonspendable fund balance	873,910	873,910	-
Restricted/reserved:			
401 Student Activities	110,658	110,659	(1)
402 Scholarships	-	-	-
403 Staff Development	423,809	423,809	-
407 Capital Projects Levy	-	-	-
408 Cooperative Programs	-	-	-
409 Alternative Facility Program	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	2,049,819	2,049,819	-
426 $25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State Approved Alternative Program	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluation			
441 Basic Skills Programs	149,736	149,736	-
445 Career Technical Programs	-	-	-
448 Achievement of Integration Revenue	-	-	-
449 Safe School Crime	403,934	403,934	-
451 QZAB payments	-	-	-
452 OPEB Liabilities not Held in Trust	-	-	-
453 Unfunded Severance and Retirement Levy	-	-	-
459 Basic Skills Extended Time	-	-	-
467 Long-term Facilities Maintenance	-	-	-
Restricted:			
472 Medical Assistance	592,743	592,743	-
464 Restricted fund balance	-	-	-
475 Title VII - Impact Aid	-	-	-
476 Payments in Lieu of Taxes	-	-	-
Committed:			
418 Committed for separation	-	-	-
461 Committed for separation	-	-	-
Assigned:			
462 Assigned fund balance	7,947,867	7,947,867	-
Unassigned:			
422 Unassigned fund balance	7,980,584	7,980,584	-
02 FOOD SERVICES FUND			
Total revenue	$ 4,572,666	$ 4,572,666	$ -
Total expenditures	3,580,038	3,580,040	(2)
Nonspendable:			
460 Nonspendable fund balance	90,614	90,613	1
Restricted/reserved:			
452 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
464 Restricted fund balance	1,695,602	1,695,602	-
Unassigned:			
463 Unassigned fund balance	-	-	-
04 COMMUNITY SERVICE FUND			
Total revenue	$ 5,748,530	$ 5,748,530	$ -
Total expenditures	4,894,786	4,894,787	(1)
Nonspendable:			
460 Nonspendable fund balance	23,536	23,536	-
Restricted/reserved:			
426 $25 Taconite	-	-	-
431 Community Education	526,939	526,939	-
432 ECFE	51,598	51,598	-
444 School Readiness	155,810	155,810	-
447 Adult Basic Education	-	-	-
452 OPEB Liabilities not Held in Trust	-	-	-
Restricted:			
464 Restricted fund balance	12,600	12,602	(2)
Unassigned:			
463 Unassigned fund balance	-	-	-

	Audit	UFARS	Audit-UFARS
06 BUILDING CONSTRUCTION FUND			
Total revenue	$ 5,896	$ 5,897	$ (1)
Total expenditures	5,190,092	5,190,094	(2)
Nonspendable:			
460 Nonspendable fund balance	-	-	-
Restricted/reserved:			
407 Capital Projects Levy	-	-	-
413 Building Projects Funded by COP	-	-	-
467 Long-term Facilities Maintenance	-	-	-
Restricted:			
464 Restricted fund balance	2,800,440	2,800,440	-
Unassigned:			
463 Unassigned fund balance	-	-	-
07 DEBT SERVICE FUND			
Total revenue	$ 22,013,520	$ 22,013,520	$ -
Total expenditures	21,900,132	21,900,131	1
Nonspendable:			
460 Nonspendable fund balance	-	-	-
Restricted/reserved:			
425 Bond refundings	-	-	-
433 Maximum effort loan aid	-	-	-
451 QZAB payments	-	-	-
467 LTFM	-	-	-
Restricted:			
464 Restricted fund balance	4,274,198	4,274,198	-
Unassigned:			
463 Unassigned fund balance	-	-	-
08 TRUST FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
422 Net position	-	-	-
18 CUSTODIAL FUND			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Restricted/Reserved			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
464 Restricted	-	-	-
20 INTERNAL SERVICE FUND			
Total revenue	$ 10,262,982	$ 10,262,981	$ 1
Total expenditures	10,138,576	10,138,576	-
Unassigned:			
422 Net position	3,098,702	3,098,701	1
25 OPEB REVOCABLE TRUST			
Total revenue	$ -	$ -	$ -
Total expenditures	-	-	-
Unassigned:			
422 Net position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total revenue	$ (40,664)	$ (40,664)	$ -
Total expenditures	170,547	170,547	-
Unassigned:			
422 Net position	2,690,121	2,690,122	(1)
47 OPEB DEBT SERVICE			
Total revenue	$ 845,640	$ 845,640	$ -
Total expenditures	843,636	843,635	1
Nonspendable:			
460 Nonspendable fund balance			
Restricted:	-	-	-
425 Bond refundings			
464 Restricted fund balance	184,445	184,446	(1)
Unassigned:			
463 Unassigned fund balance	-	-	-

STATISTICAL SECTION

Farmington
AREA PUBLIC SCHOOLS

Independent School District No. 192
Statistical Section (Unaudited)

III. Statistical Section (Unaudited)

This part of the Independent School District No. 192's annual comprehensive financial report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Independent School District No. 192
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)
(unaudited)

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	$ (18,029,060)	$ (20,728,015)	$ (17,838,292)	$ (12,801,800)
Restricted	378,099	695,172	5,854,618	3,795,807
Unrestricted	(16,788,565)	(11,659,904)	(60,668,164)	(58,647,696)
Total governmental activities net assets	$ (34,439,526)	$ (31,692,747)	$ (72,651,838)	$ (67,653,689)

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ (8,069,026)	$ 425,114	$ 8,165,318	$ 16,918,117	$ 23,470,541	$ 34,093,361
4,358,909	4,868,518	5,126,117	4,938,228	6,402,986	8,933,427
(78,929,855)	(95,371,519)	(73,037,547)	(75,525,762)	(73,641,923)	(70,643,850)
$ (82,639,972)	$ (90,077,887)	$ (59,746,112)	$ (53,669,417)	$ (43,768,396)	$ (27,617,062)

Independent School District No. 192
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)
(unaudited)

	Fiscal Year		
	2013	2014	2015
Expenses			
Governmental activities			
Administration	$ 2,861,239	$ 3,020,958	$ 2,945,067
District support services	2,979,027	3,236,185	3,814,841
Elementary and secondary regular instruction	30,149,009	29,608,354	32,092,433
Vocational education instruction	591,705	526,164	552,403
Special education instruction	10,979,602	11,412,057	12,081,345
Instructional support services	3,022,306	3,498,036	3,396,174
Pupil support services	5,753,865	5,793,138	6,051,082
Sites and buildings	6,086,373	6,278,475	6,334,689
Fiscal and other fixed cost programs	311,549	269,291	239,595
Food service	3,096,756	3,005,615	3,115,176
Community education and services	4,621,956	4,652,640	4,526,854
Depreciation not included in other functions	5,324,013	5,038,359	5,478,238
Interest and fiscal charges on long-term debt	9,491,794	9,115,861	9,851,134
Total governmental activities expenses	85,269,194	85,455,133	90,479,031
Program Revenues			
Governmental activities			
Charges for services			
Administration	-	-	-
District support services	369	113,615	125,134
Elementary and secondary regular instruction	633,563	670,614	711,626
Vocational education instruction	-	-	-
Special education instruction	147,138	92,262	37,412
Instructional support services	1,402	1,000	-
Pupil support services	-	-	-
Sites and buildings	110,149	108,440	105,453
Fiscal and other fixed cost programs	-	-	-
Food service	2,013,403	1,932,980	2,096,665
Community education and services	3,484,233	3,832,157	3,440,651
Depreciation not included in other functions	-	-	-
Interest and fiscal charges on long-term debt	-	-	-
Operating grants and contributions	11,322,874	13,079,334	14,271,128
Capital grants and contributions	947,931	988,310	1,224,893
Total governmental activities program revenues	18,661,062	20,818,712	22,012,962
Net expense	(66,608,132)	(64,636,421)	(68,466,069)
General Revenues			
Governmental activities			
Taxes			
Property taxes, levied for general purposes	6,169,145	3,960,769	5,034,575
Property taxes, levied for community service	476,237	281,363	521,005
Property taxes, levied for debt service	12,552,765	12,642,712	12,912,421
General grants and aids	47,033,816	50,270,485	52,931,208
Gain on sale of capital assets	-	-	3,555
Other general revenues	351,280	208,794	510,934
Investment earnings	36,416	19,077	34,790
Special item	-	-	-
Total governmental activities	66,619,659	67,383,200	71,948,488
Change in net position	$ 11,527	$ 2,746,779	$ 3,482,419

Fiscal Year 2016	2017	2018	2019	2020	2021	2022
$ 2,958,510	$ 3,817,460	$ 3,797,396	$ 2,282,813	$ 3,320,897	$ 3,508,185	$ 3,212,056
7,655,043	4,116,111	3,340,002	3,030,690	3,500,480	3,367,370	3,237,640
33,572,184	48,716,860	49,600,564	24,283,952	42,706,404	43,531,993	38,688,145
865,574	1,353,886	1,429,015	698,178	1,169,614	1,262,305	1,304,078
12,223,981	16,443,427	17,315,543	10,086,755	16,839,789	17,317,401	16,735,557
3,775,815	4,569,688	4,710,788	3,005,139	4,223,607	4,752,815	4,081,194
6,033,961	6,991,027	7,554,557	6,692,043	8,329,587	7,774,320	8,432,271
5,570,230	7,148,603	6,034,967	6,432,662	6,979,393	7,022,658	8,822,365
226,217	223,268	239,650	272,153	263,177	336,241	379,424
3,131,432	3,095,761	3,356,498	3,282,084	2,606,119	2,145,086	3,599,477
4,634,178	5,417,532	5,708,637	4,790,371	5,150,692	4,631,554	4,672,695
5,689,030	6,064,152	6,693,814	7,291,316	7,472,086	7,708,909	8,105,546
5,243,100	4,678,177	5,112,703	5,252,869	4,442,603	3,837,286	3,622,445
91,579,255	112,635,952	114,894,134	77,401,025	107,004,448	107,196,123	104,892,893
-	-	-	-	-	-	-
37,691	174,517	254,187	133,790	137,037	1,160,935	261,510
686,549	746,927	733,267	727,073	486,202	423,644	818,441
-	-	-	-	-	-	-
-	7,219	11,754	197,476	195,708	290,390	206,787
-	-	-	-	-	-	-
-	-	-	-	-	-	-
147,836	147,461	142,288	166,647	161,223	137,612	197,820
-	-	-	-	-	-	-
2,148,910	2,069,202	2,107,185	2,108,984	1,610,254	197,680	287,015
3,533,478	3,516,502	3,490,150	3,797,738	3,118,375	2,286,816	3,667,475
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,982,338	15,009,901	15,091,950	15,852,573	17,353,360	20,780,363	24,317,080
1,221,191	1,788,466	2,301,979	2,638,231	2,509,390	2,958,606	2,952,108
21,757,993	23,460,195	24,132,760	25,622,512	25,571,549	28,236,046	32,708,236
(69,821,262)	(89,175,757)	(90,761,374)	(51,778,513)	(81,432,899)	(78,960,077)	(72,184,657)
6,085,082	8,143,426	8,862,586	9,206,685	10,042,819	11,383,203	11,654,328
501,239	573,217	664,062	749,594	793,238	631,668	654,899
13,001,115	15,147,240	15,119,738	15,092,514	15,798,477	16,885,308	17,900,538
54,541,170	56,658,190	56,760,080	55,237,723	58,542,662	58,782,787	57,078,286
-	-	-	-	1,555	12,836	17,684
603,999	1,013,822	1,422,961	910,368	1,001,156	852,053	1,049,631
86,806	340,087	494,032	907,834	783,190	313,243	(19,375)
-	-	-	5,570	-	-	-
74,819,411	81,875,982	83,323,459	82,110,288	86,963,097	88,861,098	88,335,991
$ 4,998,149	$ (7,299,775)	$ (7,437,915)	$ 30,331,775	$ 5,530,198	$ 9,901,021	$ 16,151,334

Independent School District No. 192
Fund Balances of Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

	Fiscal Year 2013	2014	2015	2016
General Fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-
Nonspendable	633,768	641,407	608,024	635,193
Restricted	62,952	87,929	236,924	337,954
Committed	-	-	-	-
Assigned	-	-	86,124	1,600,250
Unassigned	1,248,451	2,167,828	2,579,697	2,854,896
Total general fund	$ 1,945,171	$ 2,897,164	$ 3,510,769	$ 5,428,293
All Other Governmental Funds				
Nonspendable	$ 140,088	$ 105,175	$ 74,271	$ 107,168
Restricted	11,503,067	81,951,552	30,200,598	44,554,547
Reserved	-	-	-	-
Unassigned/ unreserved, reported in				
Special revenue funds	(11,146)	-	-	-
Capital projects fund	-	-	-	-
Debt service fund	-	-	-	-
Total all other governmental funds	$ 11,632,009	$ 82,056,727	$ 30,274,869	$ 44,661,715
Unreserved / Unassigned - operating account as a percentage of total expenditures	2.1%	3.5%	3.9%	4.0%

Note: GASB Statement No. 54 was implemented in year 2011.
Only year 2011 through 2019 are reported in compliance with GASB Statement No. 54. Year 2010 reported as previously stated.

Fiscal Year 2017	2018	2019	2020	2021	2022
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
744,270	686,020	825,479	798,664	820,655	873,910
478,437	743,427	1,382,176	2,271,054	3,576,964	3,730,699
-	-	-	-	-	-
3,609,331	5,425,725	6,190,923	6,354,882	9,140,206	7,947,867
5,356,285	6,219,857	7,141,709	7,861,246	7,983,201	7,980,584
$ 10,188,323	$ 13,075,029	$ 15,540,287	$ 17,285,846	$ 21,521,026	$ 20,533,060
$ 117,749	$ 124,406	$ 105,690	$ 154,156	$ 109,306	$ 114,150
29,319,309	20,054,760	26,878,742	17,422,849	13,134,111	9,701,632
-	-	-	-	-	-
-	(92,703)	(131,884)	(138,830)	(205,203)	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 29,437,058	$ 20,086,463	$ 26,852,548	$ 17,438,175	$ 13,038,214	$ 9,815,782
7.5%	8.2%	9.0%	9.6%	9.5%	8.9%

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Independent School District No. 192
Changes in Fund Balances of Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

	Fiscal Year 2013	2014	2015	2016
Revenues				
Local sources				
Taxes	$ 19,447,043	$ 17,011,473	$ 18,435,002	$ 19,760,259
Investment earnings	36,416	19,077	41,404	51,795
Other	6,762,590	6,977,896	7,038,338	7,211,671
State sources	56,960,408	61,867,230	65,949,189	67,133,709
Federal sources	2,323,160	2,452,865	2,464,518	2,590,661
Total revenues	85,529,617	88,328,541	93,928,451	96,748,095
Expenditures				
Current				
Administration	2,757,084	2,863,077	2,927,621	2,881,456
District support services	1,902,112	2,055,614	2,617,365	2,821,314
Elementary and secondary regular instruction	29,071,218	28,671,604	31,487,224	33,102,929
Vocational education instruction	591,705	532,579	559,061	884,011
Special education instruction	10,558,288	11,141,882	11,882,109	12,086,043
Instructional support services	2,887,935	3,352,488	3,404,650	3,678,163
Pupil support services	5,725,205	5,783,144	6,031,581	6,003,798
Sites and buildings	5,397,762	5,530,645	5,366,707	6,959,701
Fiscal and other fixed cost programs	311,549	269,291	239,589	226,217
Food service	3,019,151	2,932,891	3,048,119	3,042,965
Community service	4,595,830	4,638,784	4,535,037	4,571,286
Capital outlay	3,558,018	8,210,974	2,732,131	10,779,865
Debt service				
Principal	14,030,000	13,905,000	83,860,000	68,610,000
Interest and fiscal charges	9,935,729	9,451,173	10,191,851	8,361,414
Total expenditures	94,341,586	99,339,146	168,883,045	164,009,162
Excess of revenues over (under) expenditures	(8,811,969)	(11,010,605)	(74,954,594)	(67,261,067)
Other financing sources (uses)				
Bonds issued	25,765,000	77,060,000	20,475,000	72,370,000
Premium on bonds issued	853,862	5,326,810	3,753,037	7,620,929
Capital lease/certificates of participation	-	-	-	3,574,508
Proceeds from sale of assets	-	506	-	-
Lease issuance				
Debt retirement from escrow account	(17,275,000)	-	-	-
Total other financing sources (uses)	9,343,862	82,387,316	24,228,037	83,565,437
Net change in fund balances	$ 531,893	$ 71,376,711	$ (50,726,557)	$ 16,304,370
Debt services as a percentage of noncapital expenditures	26.07%	25.28%	55.96%	49.24%

2017	2018	2019	2020	2021	2022
Fiscal Year					
$ 23,872,061	$ 24,531,942	$ 25,064,312	$ 26,636,206	$ 28,896,803	$ 30,033,675
130,339	6,515,297	6,832,092	6,191,693	4,468,188	6,186,619
7,913,479	2,108,886	2,109,144	1,611,480	1,261,687	311,071
68,836,128	71,502,100	74,205,860	75,415,465	76,380,122	75,715,793
2,665,713	2,686,517	2,566,048	2,640,226	5,944,727	8,928,523
103,417,720	107,344,742	110,777,456	112,495,070	116,951,527	121,175,681
3,014,364	3,057,692	3,050,987	3,154,498	3,299,619	3,359,446
2,790,420	2,943,915	2,883,246	3,326,760	3,340,055	3,344,076
34,449,272	35,975,764	37,859,808	39,309,609	39,990,526	40,308,830
966,774	1,050,905	1,103,808	1,075,642	1,151,171	1,359,793
12,315,722	13,254,089	14,405,762	15,745,990	16,198,251	17,528,798
3,554,687	3,821,769	3,846,494	3,935,603	4,418,381	4,135,489
6,350,383	6,937,898	7,479,573	8,129,445	7,410,707	8,555,270
7,020,755	7,320,516	7,634,719	7,110,805	6,725,233	8,767,337
223,268	239,653	272,153	263,177	336,241	379,424
3,037,950	3,237,249	3,302,254	2,622,766	2,106,977	3,573,312
4,780,764	5,181,735	5,345,270	5,026,040	4,594,921	4,894,648
16,140,491	10,176,905	3,087,031	12,421,891	4,831,968	5,920,532
23,105,000	12,987,303	14,115,738	15,079,110	16,149,110	17,814,920
8,049,807	7,633,625	7,246,463	6,905,075	6,575,984	5,920,610
125,799,657	113,819,018	111,633,306	124,106,411	117,129,144	125,862,485
(22,381,937)	(6,474,276)	(855,850)	(11,611,341)	(177,617)	(4,686,804)
10,665,000	-	9,220,000	5,715,000	-	-
1,251,580	-	861,623	448,035	-	-
-	-	-	3,336,440	-	-
730	10,387	5,570	1,555	12,836	17,684
					458,722
-	-	-	(6,105,000)	-	-
11,917,310	10,387	10,087,193	3,396,030	12,836	476,406
$ (10,464,627)	$ (6,463,889)	$ 9,231,343	$ (8,215,311)	$ (164,781)	$ (4,210,398)
26.38%	19.43%	20.55%	18.88%	20.76%	20.08%

Independent School District No. 192
General Governmental Tax Revenues by Source and Levy Type
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

Year Ended June 30,	Property Tax: General Purposes	Property Tax: Other Nonmajor	Property Tax: Debt Service	Total
2013	$ 6,255,571	$ 771,368	$ 12,305,153	$ 19,332,092
2014	3,997,913	886,268	12,127,292	17,011,473
2015	5,038,654	971,308	12,425,040	18,435,002
2016	6,133,285	943,769	12,683,205	19,760,259
2017	8,146,799	1,330,982	14,394,280	23,872,061
2018	8,816,612	1,565,378	14,149,952	24,531,942
2019	9,207,652	1,742,792	14,113,868	25,064,312
2020	10,039,393	1,570,026	15,026,787	26,636,206
2021	11,379,811	1,410,219	16,106,773	28,896,803
2022	11,600,271	1,493,425	16,939,979	30,033,675

Independent School District No. 192
Governmental Activities Tax Revenues by Source and Levy Type
Last Ten Years
(Accrual Basis of Accounting)
(unaudited)

Year Ended June 30,	Property Tax General Purposes	Property Tax Community Service	Property Tax Debt Service	Total
2013	$ 6,169,145	$ 476,237	$ 12,552,765	$ 19,198,147
2014	3,960,769	281,363	12,642,712	16,884,844
2015	5,034,575	521,005	12,912,421	18,468,001
2016	6,085,082	501,239	13,001,115	19,587,436
2017	8,143,426	573,217	15,147,240	23,863,883
2018	8,862,586	664,062	15,119,738	24,646,386
2019	9,206,685	749,594	15,092,514	25,048,793
2020	10,042,819	793,238	15,798,477	26,634,534
2021	11,383,203	631,668	16,885,308	28,900,179
2022	11,654,328	654,899	17,900,538	30,209,765

Information Is Not Available For Previous Fiscal Years.

Independent School District No. 192
Principal Property Tax Payers
Last Ten Years

	2022			2013		
Taxpayer	Net Tax Capacity	Rank	Percentage Total City Tax Valuation	Net Tax Capacity	Rank	Percentage Total City Tax Valuation
Northern Natural Gas Company	$ 833,034	1	2.88%	$ 906,858	1	3.39%
Northern States Power Co	476,620	2	1.65%	401,779	2	1.50%
Fulford Group LLC	357,795	3	1.24%			-
Lakeville 222nd 207 LLC	283,830	4	0.98%			0.00%
Minnesota Pipline Co	269,652	5	0.93%			-
MN Energy Resources Corp	186,816	6	0.65%			0.00%
Country View LTD PTNSHP	139,502	7	0.48%			-
Amerco Real Estate Company	125,912	8	0.44%			-
Great River energy	105,672	9	0.37%			-
Legacy Partners of Farmington LLC	105,519	10	0.36%			0.00%
Dakota Electric Assn	-	-	-	299,827	3	1.12%
Farmington City Center	-	-	-	209,653	4	0.78%
Farmington Land LLC	-	-	-	193,331	5	0.72%
Dakota Storage LLC	-	-	-	178,556	6	0.67%
Builders Development & Finance	-	-	-	169,717	7	0.63%
RLR Investment LLC	-	-	-	149,246	8	0.56%
Castle Rock Development	-	-	-	141,279	9	0.53%
Valmont Industries	-	-	-	139,648	10	0.52%
Total for ten largest principal taxpayers	$ 2,884,352			$ 2,789,894		

Source: Current property valuations and net tax capacity values have been furnished by Dakota County.

Independent School District No. 192
Direct and Overlapping
Last Ten Years
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2013-2014	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Proposed 2022-23
Governmental Unit										
ISD No. 192 (Farmington)	56.326%	53.474%	57.584%	54.269%	52.825%	51.401%	53.150%	50.805%	49.481%	38.261%
Overlapping Governments										
Dakota County	31.827%	29.633%	28.570%	28.004%	26.580%	25.386%	24.133%	22.716%	21.630%	18.802%
City of Farmington	65.876%	61.455%	59.239%	58.760%	57.161%	54.372%	50.971%	49.251%	50.623%	42.921%
City of Lakeville	40.696%	38.948%	38.669%	37.510%	36.419%	35.607%	34.615%	34.351%	32.846%	38.261%
ISD No. 192 Market Value Referendum Rate	0.111%	0.115%	0.191%	0.185%	0.185%	0.190%	0.189%	0.184%	0.182%	0.187%

Source: Dakota County

Independent School District No. 192
Property Tax Levies and Collections
Last Ten Years
Last Ten Fiscal Years

For Taxes Collectible	Total Tax Levy for Year	Collected Within the Fiscal Year of the Levy: Amount	Collected Within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2013	$ 18,916,187	$ 7,946,000	42.01%	$ 10,580,870	$ 18,526,870	97.94%
2014	18,487,778	7,920,000	42.84%	10,399,621	18,319,621	99.09%
2015	19,469,129	8,566,000	44.00%	10,741,938	19,307,938	99.17%
2016	23,773,482	10,755,992	45.24%	12,830,141	23,586,133	99.21%
2017	24,371,918	10,487,046	43.03%	13,727,775	24,214,821	99.36%
2018	25,287,109	11,012,620	43.55%	13,901,862	24,914,482	98.53%
2019	26,587,320	11,928,042	44.86%	14,508,219	26,436,261	99.43%
2020	28,755,982	12,556,781	43.67%	15,991,259	28,548,040	99.28%
2021	29,993,594	13,552,794	45.19%	16,270,545	29,823,339	99.43%
2022	27,106,971	13,874,166	51.18%	N/A	13,874,166	N/A

Note 1: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write-off of delinquent taxes receivable.
Note 2: A portion of the total tax levy is paid through various property tax credits which are paid through state aids.
Note 3: Property taxes are remitted to the District based on a calendar year, the amount stated represents collections through the District's year end of June 30.

Source: State of Minnesota School Tax Report and Dakota County Certification Report.

Independent School District No. 192
Tax Capacities and Estimated Actual Value of Taxable Property
Last Ten Years
(unaudited)

For Taxes Collectible	Residential Property	Commercial Industrial Property	Other Property	Less Tax Increment Property	Less Net Fiscal Disparities	Net Taxable Tax Capacity	Total Direct Tax Rate	Estimated Taxable Market Value	Taxable Tax Capacity as a Percentage of Estimated Market Value
2013	$ 17,128,253	$ 5,384,965	$ 1,029,198	$ 130,805	$ 1,012,882	$ 22,398,729	0.57226	$ 2,177,482,525	1.03%
2014	17,712,961	5,735,422	1,088,025	119,175	1,011,274	23,405,959	0.56326	2,234,391,750	1.05%
2015	20,184,962	5,813,109	1,271,132	117,407	1,002,736	26,149,060	0.57584	2,476,883,700	1.06%
2016	22,449,983	5,272,498	1,522,356	119,160	1,516,132	27,609,545	0.56932	2,652,339,678	1.04%
2017	23,783,035	5,462,965	1,629,262	197,793	1,743,705	28,933,764	0.54269	2,795,558,853	1.03%
2018	25,677,167	5,391,450	1,680,089	119,002	1,807,620	30,822,084	0.52825	2,982,321,475	1.03%
2019	28,292,433	5,752,085	1,724,491	377,619	1,928,640	33,462,750	0.51401	3,250,838,925	1.03%
2020	30,405,648	5,925,261	1,559,414	390,469	1,976,668	35,523,186	0.53105	3,446,815,150	1.03%
2021	32,731,554	6,248,060	1,645,414	403,563	1,820,280	38,401,185	0.50805	3,686,206,800	1.04%
2022	34,952,102	6,546,983	1,483,097	403,318	2,133,840	40,445,024	0.49481	3,907,328,976	1.04%

Source: Dakota County

Independent School District No.192
Ratios of Outstanding Debt by Type
Last Ten Years
Last Ten Fiscal Years

Year	G.O. Bonds	Compensated Absences	Lease Liability	Finance Purchase from Direct Borrowing	Total Primary Government	Estimated Population	Net Bonded Debt Per Capita	Percentage of Outstanding Debt to Personal Income
2013	$ 209,856,465	$ 1,111,219	$ -	$ -	$ 209,856,465	33,883	$ 6,194	12.94%
2014	277,935,874	1,400,304	-	-	277,935,874	33,308	8,344	17.13%
2015	216,014,017	1,156,345	-	-	216,014,017	35,320	6,116	12.10%
2016	225,851,900	1,158,522	-	-	225,851,900	35,943	6,284	12.08%
2017	212,543,310	1,141,848	-	-	213,685,158	36,096	5,920	10.89%
2018	198,361,229	971,873	-	-	199,333,102	36,125	5,518	9.59%
2019	193,582,515	953,020	-	-	194,535,535	36,206	5,373	9.13%
2020	176,389,648	950,322	-	2,502,330	179,842,300	38,382	4,686	7.56%
2021	159,210,832	819,447	-	1,668,220	161,698,499	37,595	4,301	6.49%
2022	140,502,080	779,527	372,912	834,110	142,488,629	37,595	3,790	N/A

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

Independent School District No. 192
Ratios of General Bonded Debt Outstanding
Last Ten Years
Last Ten Fiscal Years

Year	G.O. Bonds	Less Amounts Available in Debt Service Fund	Net Bonded Debt	Tax Capacity	Percentage of Estimated Actual Taxable Value of Property	Estimated Population	Net Bonded Debt Per Capita
2013	$ 209,856,465	$ 3,322,271	$ 206,534,194	$ 26,387,033	782.71%	33,883	$ 6,096
2014	277,935,874	80,248,597	197,687,277	24,031,493	822.62%	33,308	5,935
2015	216,014,017	29,066,112	186,947,905	29,961,347	623.96%	35,320	5,293
2016	225,851,900	5,058,044	220,793,856	31,974,229	690.54%	35,943	6,143
2017	212,543,310	4,894,446	207,648,864	33,552,354	618.88%	36,096	5,753
2018	198,361,229	4,975,216	193,386,013	35,663,908	542.25%	36,125	5,353
2019	193,582,515	4,502,263	189,080,252	38,555,985	490.40%	36,206	5,222
2020	176,389,648	3,569,104	172,820,544	41,065,314	420.84%	38,382	4,503
2021	159,210,832	4,160,810	155,050,022	44,274,123	350.20%	37,595	4,124
2022	140,502,080	4,274,198	136,227,882	46,725,414	291.55%	37,595	3,624

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

Independent School District No. 192
Ratio of Annual Debt Service Expenditures for
Last Ten Years
to Total General Fund Expenditures
Last Ten Years
(unaudited)

Year	Total Principal	Interest and Other Charges	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
2013	$ 14,030,000	$ 9,935,729	$ 23,965,729	$ 60,629,052	39.5%
2014	13,905,000	9,451,173	23,356,173	61,596,274	37.9%
2015	83,860,000	10,191,854	94,051,854	66,212,648	142.0%
2016	68,610,000	8,361,414	76,971,414	71,929,450	107.0%
2017	23,105,000	8,049,807	31,154,807	70,974,849	43.9%
2018	12,050,000	7,616,578	19,666,578	76,019,242	25.9%
2019	13,170,000	7,100,361	20,270,361	79,433,409	25.5%
2020	20,350,000	800,075	21,150,075	83,356,885	25.4%
2021	16,149,110	6,575,984	22,725,094	84,201,645	27.0%
2022	17,814,920	5,920,610	23,735,530	89,453,801	26.5%

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

Independent School District No. 192
Direct and Overlapping Governmental Activities Debt
Last Ten Years
Last Ten Fiscal Years

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
City of Farmington	$ 10,720,000	99.98%	$ 10,717,856
City of Lakeville	103,795,000	8.69%	9,019,786
Metropolitan Council	218,520,000	6.85%	14,968,620
Town of Empire	1,985,000	85.57%	1,698,565
Subtotal, overlapping debt	335,020,000		36,404,826
Independent School District No. 192 - Direct Debt	134,380,000	100.00%	134,380,000
Total direct and overlapping debt			$ 170,784,826

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of th District. This process recognizes that, when considering the government's ability of issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Debt outstanding for Dakota County, Metropolitan Council, town of empire and the cities of Farmington and Lakeville is as of August 2016.

Dakota County has no applicable outstand debt to include-they called their 2007 bonds in 2016

Town of Empire-issed new debt

Independent School District No. 192
Legal Debt Margin Information
Last Ten Years
Last Ten Fiscal Years

	Fiscal Year 2013	2014	2015	2016	2017
Debt limit	$ 326,622,379	$ 386,941,701	$ 386,203,545	$ 413,801,133	$ 435,863,771
Total net debt Applicable to limit	206,135,000	269,290,000	205,905,000	209,665,000	197,032,721
Legal debt margin	$ 120,487,379	$ 117,651,701	$ 117,651,701	$ 204,136,133	$ 238,831,050
Total net debt applicable to the to the limit as a percentage of debt limit	63.11%	69.59%	53.32%	50.67%	45.21%

Legal debt margin calculation for year 2021

Market value	$ 4,072,569,420
Debt limit (15% of market value)	610,885,413
Debt applicable to limit	
G.O. Bonds	134,380,000
Total net debt applicable to limit	134,380,000
Legal debt margin	$ 476,505,413

Note: Under State Finance Law, the District's outstanding G.O. debt should not exceed 15% of total market property value. By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. Bonds.

Fiscal Year					
2018	2018	2019	2020	2021	2022
$ 462,330,681	$ (75,525,762)	$ 502,550,114	$ 538,158,452	$ 574,989,246	$ 610,885,413
185,175,000	185,175,000	181,225,000	166,590,000	151,275,000	134,380,000
$ 277,155,681	$ (260,700,762)	$ 321,325,114	$ 371,568,452	$ 423,714,246	$ 476,505,413
40.05%	-245.18%	36.06%	30.96%	26.31%	22.00%

Independent School District No. 192
Demographic and Economic Statistics - Employment
Last Ten Fiscal Years
(unaudited)

Year	Average Employment Dakota County	Average Unemployment Dakota County	Average Unemployment State of Minnesota
2013	234,367	4.00%	4.80%
2014	225,408	3.90%	4.60%
2015	228,279	3.30%	3.80%
2016	237,777	3.60%	3.70%
2017	228,936	2.80%	2.90%
2018	235,627	2.00%	2.80%
2019	231,535	2.50%	2.50%
2020	232,186	4.00%	4.60%
2021	235,921	2.40%	2.50%
2022	234,312	1.60%	2.10%

Sources: U.S. Census and Minnesota Department of Employment and Economic Development

Independent School District No. 192
Principal Employers-City of Farmington
Last Ten Years

Employer	2022 Employees	2022 Rank	2022 Percentage of Total City Employment	2013 Employees	2013 Rank	2013 Percentage of Total City Employment
Farmington Public Schools	839	1	29.24%	844	1	35.39%
Installed Building Solutions	500	2	17.43%			0.00%
Federal aviation Administration	357	3	12.44%	500	2	20.96%
Trinity Care Center and Trinity Terrace	215	4	7.49%	120	7	5.03%
Dakota Electric Association	196	5	6.83%	209	3	8.76%
City of Farmington	188	6	6.55%	100	5	4.19%
Marschall Line Inc	161	7	5.61%	193	4	8.09%
R & L Carriers	160	8	5.58%			0.00%
Kemps LLC	131	9	4.57%	120	8	5.03%
Valmont Industries	122	10	4.25%	129	6	5.41%
River Valley Home Care, Inc.	-	-	-	110	9	4.61%
Peerless Plastics	-	-	-	60	10	2.52%
Total	2,869			2,385		

Source: City of Farmington Community Development Department.
Minnesota Department of Employment and Economic Development

Independent School District No. 192
Demographic and Economic Statistics - Income
Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income
2013	33,883	$ 1,621,504,848	$ 47,856
2014	33,308	1,622,465,988	48,711
2015	35,320	1,785,108,120	50,541
2016	35,943	1,870,401,834	52,038
2017	36,096	1,962,142,464	54,359
2018	36,125	2,077,729,375	57,515
2019	36,206	2,130,143,804	58,834
2020	38,382	2,379,875,910	62,005
2021	37,595	2,491,796,600	66,280
2022	37,595	N/A	N/A

N/A : Data not available

Data Sources: Minnesota Department of Employment and Economic Development
Minnesota Department of Education

Independent School District No. 192
Food Service Information
Meals Served 2022

Meals	Number of Meals Served
Elementary full paid lunch	-
Secondary full paid lunch	-
Reduced price lunch	-
Free lunch	674,662
Adult lunch	8,156
Total lunches served	682,818
Elementary full paid breakfast	-
Secondary full paid breakfast	-
Reduced price breakfast	-
Free breakfast	312,425
Adult breakfast	44
Total breakfasts served	312,469

Data Source: Independent School District No. 192 District Office

Due to the global pandemic, per USDA, all meals were free.

Independent School District No. 192
School Facilities
Last Ten Years

Facility	Year Constructed	Years Of Addition	Grades Housed	Square Footage
Akin Road Elementary	1988	2017	K-5	95,275
Farmington Elementary	1954	1965,1997, 2017	K-5	95,433
North Trail Elementary	1997		K-5	104,580
Meadowview Elementary	2002	2003, 2016	K-5	143,550
Riverview Elementary	1999		K-5	161,000
Dodge Middle School	1993	1997, 2006	G6-8	217,000
Boeckman Middle School	1973	1996, 2004	G6-8	266,000
Farmington High School (new facility)	2010		G9-12	470,000
Tiger Legacy and Learning Center	1913	1929, 1961		95,320
District Services Center	1972			8,000

Data Source: Independent School District No. 192 District Office

Independent School District No. 192
Student Enrollment
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

Year Ended June 30,	Average Daily Membership (ADM) (including Enrollment Option): Handicapped and Prekindergarten	Kindergarten	Elementary	Secondary	Total	Total Pupil Units
2013	83.93	529.58	3,328.85	2,813.92	6,756.28	7,699.77
2014	81.73	497.56	3,437.46	2,898.10	6,914.85	7,905.70
2015	119.60	503.27	3,448.20	3,015.92	7,086.99	7,690.17
2016	125.37	450.06	3,469.68	3,094.73	7,139.84	7,758.79
2017	122.97	469.65	3,398.24	3,172.86	7,163.72	7,798.29
2018	150.97	437.25	3,388.03	3,250.28	7,226.53	7,876.59
2019	165.56	460.28	3,309.09	3,360.34	7,295.27	7,967.35
2020	180.24	420.87	3,263.26	3,425.45	7,289.82	7,974.90
2021	192.51	406.79	3,083.44	3,402.43	7,085.17	7,765.68
2022	155.70	366.12	3,036.05	3,308.23	6,866.10	7,527.76

Note 1: Beginning in 2004, ADM is limited to 1.0 ADM per student.

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

	Pre-kindergarten	Handicapped Kindergarten	Kindergarten	Elementary 3-Jan	Elementary 6-Apr	Secondary
2010 through 2014	1.250	1.000	0.612	1.115	1.060	1.300
2015 through 2020	1.000	1.000	1.000	1.000	1.000	1.200

Source: State Department of Education Student Count Reports

Independent School District No. 192
General Fund - Operating Account Expenditures by Program
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services	Pupil Support Services
2013	2,757,084	1,902,112	29,071,218	591,705	10,558,288	2,887,935	5,725,205
	4.5%	3.1%	47.9%	1.0%	17.4%	4.8%	9.4%
2014	2,863,077	2,055,614	28,671,604	532,579	11,141,882	3,352,488	5,783,144
	4.6%	3.3%	46.5%	0.9%	18.1%	5.4%	9.4%
2015	2,927,621	2,617,365	31,487,224	559,061	11,882,109	3,404,650	6,031,581
	4.4%	4.0%	47.6%	0.8%	17.9%	5.1%	9.1%
2016	2,881,456	2,821,314	33,102,929	884,011	12,086,043	3,678,163	6,003,798
	4.0%	3.9%	46.0%	1.2%	16.8%	5.1%	8.3%
2017	3,014,364	2,790,420	34,449,272	966,774	12,315,722	3,554,687	6,350,383
	4.2%	3.9%	48.5%	1.4%	17.4%	5.0%	8.9%
2018	3,057,692	2,943,915	35,975,764	1,050,905	13,254,089	3,821,769	6,937,898
	4.0%	3.9%	47.3%	1.4%	17.4%	5.0%	9.1%
2019	3,050,987	2,883,246	37,859,808	1,103,808	14,405,762	3,846,494	7,479,573
	3.8%	3.6%	47.7%	1.4%	18.1%	4.8%	9.4%
2020	3,154,498	3,326,760	39,309,609	1,075,642	15,745,990	3,935,603	8,129,445
	3.6%	3.8%	45.3%	1.2%	18.2%	4.5%	9.4%
2021	3,299,619	3,340,055	39,990,526	1,151,171	16,198,251	4,418,381	7,410,707
	3.9%	4.0%	47.5%	1.4%	19.2%	5.2%	8.8%
2022	3,359,446	3,344,076	40,308,830	1,359,793	17,528,798	4,135,489	8,555,270
	4.0%	4.0%	47.9%	1.6%	20.8%	4.9%	10.2%

Sites and Buildings	Fiscal and Other Fixed Cost Programs	Debt Service	Food Service	Capital Outlay	Total	Percent Increase (Decrease) from Prior Year
5,201,116	311,549	-	-	1,622,840	60,629,052	-0.34%
8.6%	0.5%	0.0%	0.0%	2.7%	100.0%	
5,356,602	269,291	-	-	1,569,993	61,596,274	1.60%
8.7%	0.4%	0.0%	0.0%	2.5%	85.6%	
5,285,123	239,589	-	-	1,778,328	66,212,651	7.49%
8.0%	0.4%	0.0%	0.0%	2.7%	100.0%	
5,187,913	226,217	-	-	5,057,606	71,929,450	8.63%
7.2%	0.3%	0.0%	0.0%	7.0%	100.0%	
5,576,882	223,268	-	-	1,733,077	70,974,849	-1.33%
7.9%	0.3%	0.0%	0.0%	2.4%	100.0%	
6,849,376	239,653	954,250	-	933,933	76,019,244	7.11%
9.0%	0.3%	1.3%	0.0%	1.2%	100.0%	
6,975,597	272,153	954,250	36,039	565,691	79,433,408	4.49%
8.8%	0.3%	1.2%	0.0%	0.7%	100.0%	
6,169,035	263,177	834,110	-	4,749,459	86,693,328	9.14%
7.1%	0.3%	1.0%	0.0%	5.5%	100.0%	
6,599,189	336,241	834,110	-	623,397	84,201,647	-2.87%
7.8%	0.4%	1.0%	0.0%	0.7%	100.0%	
8,323,099	379,424	991,762	-	1,167,814	89,453,801	6.24%
9.9%	0.5%	1.2%	0.0%	1.4%	106.2%	

Independent School District No. 192
Revenue and Expenditures - Governmental Funds
Last Ten Years
(unaudited)

	Fiscal Year 2013	2014	2015	2016
Revenues				
General fund				
Operating account	$ 60,044,445	$ 62,547,761	$ 67,267,949	$ 70,272,466
Special revenue funds				
Food service fund	2,959,723	2,921,134	3,288,477	3,356,767
Community service fund	4,578,216	4,962,197	4,710,170	4,853,691
Other nonmajor	407,649	604,468	454,784	441,421
Capital projects fund	31,628	1,759	20,527	3,155
Debt service fund - G.O. Bonds	17,507,956	17,291,222	18,186,544	17,820,595
Total revenues	$ 85,529,617	$ 88,328,541	$ 93,928,451	$ 96,748,095
Expenditures				
Current				
Operating account	$ 60,629,052	$ 61,596,274	$ 66,212,648	$ 71,929,450
Special revenue funds				
Food service fund	3,019,151	2,933,774	3,048,639	3,066,599
Community service fund	4,642,123	4,654,550	4,585,869	4,629,918
Other nonmajor	352,539	6,419,213	461,520	473,278
Capital projects fund	2,154,791	6,798,375	984,038	7,701,856
Debt service fund - G.O. Bonds	23,543,930	16,936,960	93,590,331	76,208,061
Total expenditures	$ 94,341,586	$ 99,339,146	$ 168,883,045	$ 164,009,162

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 75,734,149	$ 78,895,563	$ 81,893,096	$ 84,554,395	$ 88,423,991	$ 87,989,429
3,305,150	3,296,858	3,288,152	2,824,984	1,944,185	4,572,666
4,992,301	5,052,018	5,484,415	4,680,514	4,048,284	5,748,530
762,420	908,874	997,304	779,739	780,652	845,640
284,836	311,946	288,362	280,822	57,489	5,896
18,338,864	18,879,483	18,826,127	19,374,616	21,696,926	22,013,520
$ 103,417,720	$ 107,344,742	$ 110,777,456	$ 112,495,070	$ 116,951,527	$ 121,175,681
$ 70,974,849	$ 76,019,244	$ 79,433,408	$ 86,693,328	$ 84,201,647	$ 89,453,801
3,038,739	3,311,297	3,501,533	2,622,766	2,120,045	3,580,038
4,866,071	5,233,069	5,357,429	5,034,655	4,598,178	4,894,786
735,765	867,965	968,930	784,265	785,289	843,636
15,765,191	9,588,730	3,070,575	8,605,587	4,318,765	5,190,092
30,419,042	18,798,713	19,301,431	20,365,810	21,105,220	21,900,132
$ 125,799,657	$ 113,819,018	$ 111,633,306	$ 124,106,411	$ 117,129,144	$ 125,862,485

Farmington
AREA PUBLIC SCHOOLS

Independent School District No. 192
Expenditures Per Student
Last Ten Years
(with Comparative Amounts for the Year Ended June 30, 2021)
(unaudited)

	State Average	ISD No. 192		
	2021	2019	2020	2021
Expenditures Per Student (ADM) (1)				
General Fund - Operating Account				
District and school administration	$ 703	$ 459	$ 509	$ 539
District support services	542	428	457	483
Elementary and secondary regular instruction	5,842	4,881	5,055	5,349
Vocational education instruction	183	150	146	161
Special education instruction	2,641	1,953	2,137	2,272
Student Activities and Athletics	298	247	277	257
Instructional support services	787	440	451	532
Pupil support services	4,674	330	360	362
Sites and buildings, food service, and fiscal and other fixed Cost programs	1,061	1,443	1,462	740
Total general fund - operating account	16,731	10,333	10,853	10,696
Food service special revenue fund	553	477	357	357
Total pk - 12 operating expenditures	17,284	10,810	11,210	11,053
General fund - capital expenditure account	900	437	467	441
Community service special revenue fund	571	729	686	648
Capital projects fund	2,008	418	1,173	608
Debt service fund	1,457	2,760	2,882	2,973
Total expenditures per student	$ 22,221	$ 15,154	$ 16,418	$ 15,723
ADM Served	856,493	7,345	7,338	7,100

Source: Minnesota Department of Education School District Profiles

(1) Note: ADM is a Measure of Student Attendance.

Independent School District No. 192
(General Fund) Cost Per Pupil on Weighted Average Daily Membership
Last Ten Years
(Modified Accrual Basis of Accounting)
(unaudited)

	Fiscal Year			
	2013	2014	2015	2016
District and school administration	$ 2,759,636	$ 2,866,365	$ 2,930,774	$ 2,883,950
District support services	2,894,569	3,086,200	3,833,572	7,608,508
Elementary and secondary regular instruction	29,221,257	28,821,609	31,687,670	33,184,413
Vocational education instruction	591,705	532,579	559,061	884,011
Special education instruction	10,582,999	11,148,251	11,890,967	12,100,803
Instructional support services	2,888,185	3,360,385	3,411,008	3,696,104
Pupil support services	5,725,205	5,783,144	6,031,581	6,003,798
Sites, buildings and equipment	5,653,947	5,728,450	5,628,426	5,341,646
Food Service, debt service, fiscal and other fixed cost programs	311,549	269,291	239,589	226,217
Total	$ 60,629,052	$ 61,596,274	$ 66,212,648	$ 71,929,450
Weighted ADM	7,700	6,915	7,690	7,759
District and school administration	$ 358	$ 415	$ 381	$ 372
District support services	376	446	499	981
Elementary and secondary regular instruction	3,795	4,168	4,121	4,277
Vocational education instruction	77	77	73	114
Special education instruction	1,374	1,612	1,546	1,560
Instructional support services	375	486	444	476
Pupil support services	744	836	784	774
Sites, buildings and equipment	734	828	732	688
Food Service, fiscal and other fixed cost programs	40	39	31	29
Total	$ 7,874	$ 8,908	$ 8,610	$ 9,270

Note: Includes all Governmental Funds.

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 3,018,672	$ 3,069,552	$ 3,057,850	$ 3,163,856	$ 3,305,880	$ 3,364,876
4,017,005	3,292,442	3,108,593	6,795,421	3,393,477	3,387,073
34,658,925	36,243,033	38,033,218	39,454,780	40,108,867	40,398,204
966,774	1,050,905	1,103,808	1,075,642	1,151,171	1,359,793
12,330,895	13,300,567	14,413,719	15,751,492	16,198,815	17,529,148
3,555,074	3,822,709	3,852,531	3,939,278	4,439,226	4,594,301
6,350,383	6,937,898	7,479,573	8,129,445	7,581,695	8,555,270
5,853,853	7,108,235	7,121,674	7,286,127	6,852,165	8,893,950
223,268	1,193,903	1,262,442	1,097,287	1,170,351	1,371,186
$ 70,974,849	$ 76,019,244	$ 79,433,408	$ 86,693,328	$ 84,201,647	$ 89,453,801
7,798	7,877	7,967	7,975	7,766	7,528
$ 387	$ 390	$ 384	$ 397	$ 439	$ 447
515	418	390	852	451	450
4,445	4,601	4,774	4,947	5,328	5,366
124	133	139	135	153	181
1,581	1,689	1,809	1,975	2,152	2,329
456	485	484	494	590	610
814	881	939	1,019	1,007	1,136
751	902	894	914	910	1,181
29	152	158	138	155	182
$ 9,102	$ 9,651	$ 9,970	$ 10,871	$ 11,185	$ 11,883

Independent School District No. 192
Employees by Program Expense
Last Ten Fiscal Years

	Fiscal Year										
	2013	2014	2015	2016	2017	2018	2018	2019	2020	2021	2022
District and school administration	34	35	37	36	36	29	29	28	30	30	38
District support services	22	23	27	21	30	27	27	28	30	30	25
Elementary and secondary regular instruction	346	336	375	365	359	393	393	393	346	346	321
Vocational education instruction	9	8	7	8	12	16	16	13	10	10	10
Special education instruction	214	218	212	216	206	228	228	245	216	216	208
Community education and services	117	105	102	120	120	139	139	130	85	85	98
Instructional support services	31	31	31	36	33	31	31	38	25	25	28
Pupil support services	34	31	39	53	50	70	70	64	32	32	58
Sites, buildings and equipment	50	56	48	52	52	53	53	53	36	36	52
Food service	4	4	3	2	1	1	1	1	1	1	1
Total	861	847	881	909	899	987	987	993	811	811	839

Data Source: Independent School District No. 192 District Office

Note: Includes all governmental funds.

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

APPENDIX B

FORM OF LEGAL OPINION

Independent School District No. 192
Farmington, Minnesota

[Purchaser]
[City, State]

Re: **$**[PAR] General Obligation School Building Refunding Bonds, Series 2023A
Independent School District No. 192 (Farmington)
Dakota County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 192 (Farmington), Dakota County, Minnesota, of the obligations described above, dated, as originally issued, as of March 9, 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), interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

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

Dated this 9th day of 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: Current Property Valuations; Direct Debt; Tax Levies and Collections; Student Body; and Employment/ Unemployment Data, which information may be unaudited.

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

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

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

(G) modifications to rights of Bond holders, if material;
(H) Bond calls, if material and tender offers;
(I) defeasances;
(J) release, substitution, or sale of property securing repayment of the Bonds if material;
(K) rating changes;
(L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
(M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(N) appointment of a successor or additional trustee or the change of name of a trustee, if material;
(O) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; "financial obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule; and
(P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

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

(c) Manner of Disclosure.

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

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

(d) Term; Amendments; Interpretation.

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

of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

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

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

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

TERMS OF PROPOSAL

$41,700,000* GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2023A INDEPENDENT SCHOOL DISTRICT NO. 192 (FARMINGTON), MINNESOTA

Proposals for the purchase of $41,700,000* General Obligation School Building Refunding Bonds, Series 2023A (the "Bonds") of Independent School District No. 192 (Farmington), 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 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on February 13, 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 5:30 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, as amended, and Section 475.67, by the District, for the purpose of effecting a current refunding of certain outstanding general obligations of 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 9, 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*
2024	$8,235,000	2026	$11,140,000
2025	10,295,000	2027	12,030,000

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT/ESCROW AGENT

The District has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois, to act as escrow agent (the "Escrow Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The District will pay the charges for Paying Agent and Escrow Agent services. The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor.

OPTIONAL REDEMPTION

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

DELIVERY

On or about March 9, 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 $41,283,000 plus accrued interest on the principal sum of $41,700,000 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 10:30 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at https://ihsmarkit.com/products/municipal-issuance.html or via telephone (844) 301-7334.

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

A good faith deposit ("Deposit") in the amount of $834,000 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. 192
(Farmington), Minnesota

PROPOSAL FORM

The School Board **February 13, 2023**
Independent School District No. 192 (Farmington), Minnesota (the "District")

RE: $41,700,000* General Obligation School Building Refunding Bonds, Series 2023A (the "Bonds")
DATED: March 9, 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 $41,283,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

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

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

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

A good faith deposit ("Deposit") in the amount of $834,000 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 9, 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 9, 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. 192 (Farmington), Minnesota, on February 13, 2023.

By: ______________________ By: ______________________

Title: ______________________ Title: ______________________