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

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 25, 2024

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

New Issue **Rating Application Made: Moody's Investors Service, Inc.**

INDEPENDENT SCHOOL DISTRICT NO. 279 (OSSEO AREA SCHOOLS), MINNESOTA

(Hennepin County)

(Minnesota School District Credit Enhancement Program)

$238,350,000* GENERAL OBLIGATION SCHOOL BUILDING AND FACILITIES MAINTENANCE BONDS, SERIES 2024A

PROPOSAL OPENING: February 6, 2024, 9:30 A.M., C.T. **CONSIDERATION**: February 6, 2024, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $238,350,000* General Obligation School Building and Facilities Maintenance Bonds, Series 2024A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, Section 123B.595, as amended, and a special election held November 7, 2023, by Independent School District No. 279 (Osseo Area Schools), Minnesota (the "District"), for the purposes of financing the acquisition and betterment of school sites and facilities in the District and facility maintenance projects included in the District's ten-year facility plan approved by the Commissioner of Education. 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: February 29, 2024

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2025	$4,550,000	2032	$11,770,000	2039	$18,835,000
2026	10,210,000	2033	14,630,000	2040	6,050,000
2027	4,800,000	2034	16,675,000	2041	6,150,000
2028	7,500,000	2035	18,470,000	2042	6,310,000
2029	11,135,000	2036	20,085,000	2043	6,320,000
2030	11,375,000	2037	21,910,000	2044	2,000,000
2031	9,810,000	2038	29,765,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2025 and semiannually thereafter.

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

MINIMUM PROPOSAL: $238,350,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $4,767,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Dorsey & Whitney LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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PROPOSAL FORM

OSSEO AREA SCHOOLS
SCHOOL BOARD

		Term Expires
Jackie Mosqueda-Jones	Board Chair	January 2025
Tanya Simons Prince	Vice Chair	January 2027
Tamara Grady	Clerk	January 2025
Heather Douglass	Treasurer	January 2025
Thomas Brooks	Member	January 2027
Sarah Mitchell	Member	January 2027

ADMINISTRATION

Dr. Kim Hiel, Superintendent of Schools

John Morstad, Executive Director of Finance & Operations

Kelly Benusa, Director of Business Services

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. 279 (Osseo Area Schools), Minnesota (the "District") and the issuance of its $238,350,000* General Obligation School Building and Facilities Maintenance Bonds, Series 2024A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on February 6, 2024.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of February 29, 2024. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, Section 123B.595, as amended, and a special election held November 7, 2023, by the District, at which voters approved a building program by a vote of 7,415 - 4,669. Proceeds of the Bonds will be used to provide funds for: (i) the acquisition and betterment of school sites and facilities, including but not limited to safety and security improvements at all schools; career and technical education space renovations at all high schools; science, technology, engineering, arts and math space renovations at all magnet schools; classroom renovations for special education, gifted/talented and multilingual learners, at all schools; new furniture and flexible learning spaces added throughout all schools; library media center renovations at all schools; outdoor classrooms added to all elementary and middle schools currently without; construction of a new elementary school, and an addition onto Maple Grove Senior High School, to address student population growth; and the repurposing of an elementary school for Community Education programming from early childhood through adult (the "School Building Portion"); and (ii) various deferred capital maintenance projects included in the District's ten-year facility plan of the District approved by the Commissioner of Education (the "Facilities Maintenance Portion").

The District plans to issue the remainder of the bonds authorized during the election within the next two years.

ESTIMATED SOURCES AND USES*

Sources	**School Building Portion**	**Facilities Maintenance Portion**	**Total Bond Issue**
Par Amount of Bonds	$100,000,000	$138,350,000	$238,350,000
Reoffering Premium	2,687,456	6,020,020	8,707,475
Total Sources	**$102,687,456**	**$144,370,020**	**$247,057,476**
Uses			
Total Underwriter's Discount (0.400%)	$400,000	$553,400	$953,400
Costs of Issuance	264,831	366,394	631,225
Capitalized Interest	-	5,912,655	5,912,655
Deposit to Construction Fund	102,022,625	137,537,571	239,560,196
Total Uses	**$102,687,456**	**$144,370,020**	**$247,057,475**

* Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	School Building Portion	Facilities Maintenance Portion	Total Bond Issue
2/01/2025	$4,550,000	-	$4,550,000
2/01/2026	3,080,000	$7,130,000	10,210,000
2/01/2027	1,455,000	3,345,000	4,800,000
2/01/2028	2,340,000	5,160,000	7,500,000
2/01/2029	3,800,000	7,335,000	11,135,000
2/01/2030	3,485,000	7,890,000	11,375,000
2/01/2031	2,990,000	6,820,000	9,810,000
2/01/2032	3,605,000	8,165,000	11,770,000
2/01/2033	4,520,000	10,110,000	14,630,000
2/01/2034	5,170,000	11,505,000	16,675,000
2/01/2035	5,665,000	12,805,000	18,470,000
2/01/2036	5,985,000	14,100,000	20,085,000
2/01/2037	7,790,000	14,120,000	21,910,000
2/01/2038	8,865,000	20,900,000	29,765,000
2/01/2039	9,870,000	8,965,000	18,835,000
2/01/2040	6,050,000	-	6,050,000
2/01/2041	6,150,000	-	6,150,000
2/01/2042	6,310,000	-	6,310,000
2/01/2043	6,320,000	-	6,320,000
2/01/2044	2,000,000	-	2,000,000
Total	**$100,000,000**	**$138,350,000**	**$238,350,000**

*Preliminary, subject to change.

SECURITY

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

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a credit enhanced 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 a "Aa1" 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 December 12, 2023 and the Award Resolution (collectively, the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

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

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

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

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

In its Official Statement dated August 1, 2023, for General Obligation State Bonds, Series 2023A, 2023B, 2023C, 2023D and 2023E, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts:

> "As of June 30, 2023, 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 $17,500,000,000. 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, 2023, is currently estimated at $2,700,000,000, with the maximum amount of principal and interest payable in any one month being $1,060,000,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.
>
> The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

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

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

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

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

LEGAL OPINION

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

TAX CONSIDERATIONS

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

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

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

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

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

Tax-Exempt Interest

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

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The District has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income.

Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

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

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

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

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

Market Discount

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

Bond Premium

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

Related Tax Considerations

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

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

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

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

Sale or Other Disposition

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

Information Reporting and Backup Withholding

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2023 have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A., Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

Taxes: The Bonds 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.

Levy Limits: Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and districts are required to levy 105% of actual principal and interest requirements to allow for delinquencies. School districts receive a basic revenue amount per pupil unit from aid and levy proceeds in a variety of categorical state aids. They are also allowed to certify additional levies within limits for certain specified purposes. The State Department of Education and the applicable County Auditors review the levies of each school district to determine compliance with state levy limits.

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

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

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

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

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

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

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

VALUATIONS

OVERVIEW

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

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

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

Type of Property	2020/21	2021/22	2022/23
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 $174,000 - .75% Over $174,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $100,000 - .75% Over $100,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $100,000 - .75% Over $100,000 - .25%
Industrial/Commercial/Utility[5]	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%

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

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

3 Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2022/23 Economic Market Value	$26,169,000,278[1]
2022/23 Assessor's Estimated Market Value	
Real Estate	$24,574,075,200
Personal Property	104,356,700
Total Valuation	$24,678,431,900
2022/23 Net Tax Capacity	
Real Estate	$292,312,156
Personal Property	2,054,954
Net Tax Capacity	$294,367,110
Less:	
Captured Tax Increment Tax Capacity[2]	(3,949,935)
Fiscal Disparities Contribution[3]	(30,602,008)
Power Line Adjustment[4]	(6,976)
Taxable Net Tax Capacity	$259,808,191
Plus: Fiscal Disparities Distribution[3]	27,223,169
Adjusted Taxable Net Tax Capacity	$287,031,360

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 94.65% 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 $26,169,000,278.

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

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

4 Ten percent of the net tax capacity of certain high voltage transmission lines is removed when setting local tax rates. However, taxes are paid on the full value of these lines. The taxes attributable to 10% of value of these lines are used to fund a power line credit. Certain property owners receive a credit when the high voltage transmission line runs over their property.

2022/23 NET TAX CAPACITY BY CLASSIFICATION

	2022/23 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$179,193,899	60.87%
Agricultural	1,168,298	0.40%
Commercial/industrial	88,702,859	30.13%
Public utility	468,376	0.16%
Railroad operating property	273,838	0.09%
Non-homestead residential	21,196,272	7.20%
Commercial & residential seasonal/rec.	602,867	0.20%
Other	705,747	0.24%
Personal property	2,054,954	0.70%
Total	$294,367,110	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
2018/19	$17,052,240,800	$16,436,452,964	$200,544,748	$193,705,139	7.08%
2019/20	18,425,248,550	17,849,136,221	217,761,824	212,201,535	8.05%
2020/21	19,577,944,400	19,033,815,804	200,352,979	224,913,697	6.26%
2021/22	20,739,057,200	20,237,071,001	245,430,440	238,096,648	5.93%
2022/23	24,678,431,900	24,308,645,096	294,367,110	287,031,360	19.00%

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

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

LARGEST TAXPAYING PARCELS[1]

Taxpayer	Type of Property	2022/23 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Target Corporation	Commercial	$1,760,498	0.60%
Prisa Arbor Lakes, LLC	Commercial	1,489,006	0.51%
The Connor Group	Apartment	1,039,238	0.35%
Weidner Property Manager	Apartment	984,163	0.33%
Doran MGRB I, LLC	Apartment	896,655	0.30%
Skye at Arbor Lakes, LLLP	Apartment	786,184	0.27%
Fairview Health Services	Commercial	755,358	0.26%
Centerpoint Energy	Utility	738,002	0.25%
BPP, LLC	Industrial	711,026	0.24%
Kimco Realty Corporation	Commercial	696,524	0.24%
Total		$9,856,654	3.35%

District's Total 2022/23 Net Tax Capacity $294,367,110

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpaying Parcels have been furnished by Hennepin County.

DEBT

DIRECT DEBT[2]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)*	$369,710,000

Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations[3]	$17,887,543

*Preliminary, subject to change.

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

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

[3] Non-general obligation debt has not been included in the debt ratios.

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of the Intermediate District No. 287, an intermediate district authorized by the Minnesota State Legislature to provide participating school districts with vocational, technical, and special education services. The District has a contractual obligation to make a portion of outstanding debt service payments, along with other Member Districts. The Fiscal Year 2024 obligation is $1,272,134.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The District plans to issue an estimated $2,450,562 capital lease for technology in 2024.

STATE AID FOR DEBT SERVICE

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

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

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

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minnesota Statutes, Section 273.1387). 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.

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:

2022/23 Economic Market Value	$26,169,000,278
Multiply by 15%	0.15
Statutory Debt Limit	$3,925,350,042
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(369,710,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations (applies to issues in excess of $1,000,000 originally issued after 6/1/97 which do not have revenues pledged)	(17,161,184)
Unused Debt Limit*	$3,538,478,858

*Preliminary, subject to change.

Independent School District No. 279 (Osseo Area Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 02/29/2024)

	Capital Facilities Bonds Series 2014A		Alternative Facilities Bonds Series 2015A		Capital Notes Series 2015B		Facilities Maintenance Bonds Series 2016A		Facilities Maintenance Bonds Series 2018B	
Dated	11/18/2014		05/06/2015		05/06/2015		11/16/2016		11/15/2018	
Amount	$5,770,000		$9,355,000		$1,475,000		$50,745,000		$43,340,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2025	415,000	66,000	1,730,000	43,250	160,000	4,800	4,185,000	1,570,456	0	1,767,138
2026	425,000	53,550					3,695,000	1,403,056	3,395,000	1,767,138
2027	440,000	40,800					5,935,000	1,255,256	1,945,000	1,597,388
2028	455,000	27,600					6,900,000	1,077,206	1,970,000	1,500,138
2029	465,000	13,950					7,140,000	870,206	0	1,401,638
2030							7,530,000	673,856	0	1,401,638
2031							8,605,000	457,369	0	1,401,638
2032							6,375,000	199,219	850,000	1,401,638
2033									5,895,000	1,367,638
2034									7,350,000	1,131,838
2035									7,820,000	837,838
2036									8,005,000	544,588
2037									6,110,000	244,400
2038										
2039										
2040										
2041										
2042										
2043										
2044										
	2,200,000	201,900	1,730,000	43,250	160,000	4,800	50,365,000	7,506,625	43,340,000	16,364,650

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Independent School District No. 279 (Osseo Area Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 02/29/2024)

	Facilities Maintenance & Refunding Bonds Series 2020A		Facilities Maintenance Bonds Series 2022A		School Building & Facilities Maint Bonds Series 2024A							
Dated	11/12/2020		09/22/2022		02/29/2024							
Amount	$36,465,000		$11,505,000		$238,350,000*							
Maturity	02/01		02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2025	0	391,569	0	498,300	4,550,000	10,129,481	11,040,000	14,470,994	25,510,994	358,670,000	2.99%	**2025**
2026	0	391,569	970,000	498,300	10,210,000	10,756,275	18,695,000	14,869,888	33,564,888	339,975,000	8.04%	**2026**
2027	0	391,569	1,060,000	449,800	4,800,000	10,245,775	14,180,000	13,980,588	28,160,588	325,795,000	11.88%	**2027**
2028	0	391,569	1,170,000	396,800	7,500,000	10,005,775	17,995,000	13,399,088	31,394,088	307,800,000	16.75%	**2028**
2029	0	391,569	1,260,000	338,300	11,135,000	9,630,775	20,000,000	12,646,438	32,646,438	287,800,000	22.16%	**2029**
2030	0	391,569	1,345,000	275,300	11,375,000	9,074,025	20,250,000	11,816,388	32,066,388	267,550,000	27.63%	**2030**
2031	2,115,000	391,569	1,405,000	208,050	9,810,000	8,505,275	21,935,000	10,963,900	32,898,900	245,615,000	33.57%	**2031**
2032	3,215,000	359,844	1,410,000	151,850	11,770,000	8,014,775	23,620,000	10,127,325	33,747,325	221,995,000	39.95%	**2032**
2033	3,650,000	307,600	1,535,000	95,450	14,630,000	7,426,275	25,710,000	9,196,963	34,906,963	196,285,000	46.91%	**2033**
2034	2,405,000	243,725	1,350,000	45,563	16,675,000	6,694,775	27,780,000	8,115,900	35,895,900	168,505,000	54.42%	**2034**
2035	2,020,000	201,638			18,470,000	5,861,025	28,310,000	6,900,500	35,210,500	140,195,000	62.08%	**2035**
2036	2,245,000	166,288			20,085,000	4,937,525	30,335,000	5,648,400	35,983,400	109,860,000	70.28%	**2036**
2037	3,205,000	124,194			21,910,000	4,134,125	31,225,000	4,502,719	35,727,719	78,635,000	78.73%	**2037**
2038	3,205,000	64,100			29,765,000	3,257,725	32,970,000	3,321,825	36,291,825	45,665,000	87.65%	**2038**
2039					18,835,000	1,992,713	18,835,000	1,992,713	20,827,713	26,830,000	92.74%	**2039**
2040					6,050,000	1,192,225	6,050,000	1,192,225	7,242,225	20,780,000	94.38%	**2040**
2041					6,150,000	935,100	6,150,000	935,100	7,085,100	14,630,000	96.04%	**2041**
2042					6,310,000	658,350	6,310,000	658,350	6,968,350	8,320,000	97.75%	**2042**
2043					6,320,000	374,400	6,320,000	374,400	6,694,400	2,000,000	99.46%	**2043**
2044					2,000,000	90,000	2,000,000	90,000	2,090,000	0	100.00%	**2044**
	22,060,000	4,208,369	11,505,000	2,957,713	238,350,000	113,916,394	369,710,000	145,203,700	514,913,700			

* Preliminary, subject to change.

Independent School District No. 279 (Osseo Area Schools), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 02/29/2024)

	Certificates of Participation Series 2014B		Certificates of Participation Series 2021A		Technology 2022 Lease		Lighting 2022 Lease		Technology 2023 Lease							
Dated	11/18/2014		02/18/2021		03/30/2022		12/20/2022		07/10/2023							
Amount	$14,085,000		$8,715,000		$2,007,134		$2,757,591		$945,321							
Maturity	02/01		04/01		07/15		12/20		07/10							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2024	0	0	510,000	76,356	0	0	0	0	0	0	510,000	76,356	586,356	17,377,543	2.85%	**2024**
2025	995,000	246,225	525,000	137,413	672,429	11,902	231,687	106,132	161,361	57,600	2,585,478	559,271	3,144,749	14,792,065	17.31%	**2025**
2026	1,035,000	206,425	540,000	121,663			242,870	94,948	174,157	44,804	1,992,027	467,840	2,459,868	12,800,038	28.44%	**2026**
2027	1,080,000	165,025	555,000	105,463			254,593	83,225	187,968	30,994	2,077,561	384,706	2,462,268	10,722,477	40.06%	**2027**
2028	1,120,000	121,825	575,000	88,813			266,882	70,936	202,873	16,088	2,164,756	297,662	2,462,418	8,557,721	52.16%	**2028**
2029	1,165,000	77,025	590,000	71,563			279,765	58,054			2,034,765	206,642	2,241,406	6,522,956	63.53%	**2029**
2030	1,205,000	39,163	605,000	53,863			293,269	44,550			2,103,269	137,575	2,240,844	4,419,688	75.29%	**2030**
2031			615,000	47,813			307,424	30,394			922,424	78,207	1,000,631	3,497,263	80.45%	**2031**
2032			620,000	41,355			322,263	15,555			942,263	56,910	999,174	2,555,000	85.72%	**2032**
2033			625,000	34,535							625,000	34,535	659,535	1,930,000	89.21%	**2033**
2034			635,000	27,035							635,000	27,035	662,035	1,295,000	92.76%	**2034**
2035			645,000	18,780							645,000	18,780	663,780	650,000	96.37%	**2035**
2036			650,000	9,750							650,000	9,750	659,750	0	100.00%	**2036**
	6,600,000	855,688	7,690,000	834,399	672,429	11,902	2,198,754	503,796	726,359	149,486	17,887,543	2,355,270	20,242,813			

OVERLAPPING DEBT[1]

Taxing District	2022/23 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
County of:				
Hennepin	$2,672,668,521	10.7395%	$1,071,970,000[3]	$115,124,218
Cities of:				
Brooklyn Center	41,448,937	31.9129%	15,220,000	4,857,143
Brooklyn Park	129,178,534	75.9595%	21,475,000	16,312,303
Cocoran	16,975,977	12.0416%	10,645,000	1,281,828
Dayton	18,174,982	22.8605%	18,282,000	4,179,357
Maple Grove	151,631,573	92.3218%	74,225,000	68,525,856
Osseo	3,944,111	100.0000%	8,290,000	8,290,000
Plymouth	189,110,888	13.0974%	54,610,000	7,152,490
Rogers	33,796,779	2.3072%	13,050,000	301,090
Special Districts of:				
Metropolitan Council	5,878,109,833	4.8831%	191,435,000[4]	9,347,962
Three Rivers Park District	1,911,697,254	15.0145%	51,405,000	7,718,204
District's Share of Total Overlapping Debt				$243,090,451

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

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

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

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

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $26,169,000,278	Debt/ Per Capita 152,233[1]
Direct G.O. Debt Paid From Taxes and State Aids (includes the Bonds)*	$369,710,000	1.41%	$2,428.58
District's Share of Total Overlapping Debt	$243,090,451	0.93%	$1,596.83
Total*	$612,800,451	2.34%	$4,025.41

*Preliminary, subject to change.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[2]	Total Collected Following Year	Collected to Date	% Collected
2018/19	$99,367,589	$99,050,476	$99,322,088	99.95%
2019/20	100,016,808	99,639,018	99,924,087	99.91%
2020/21	100,381,546	100,056,669	100,238,152	99.86%
2021/22	102,199,361	101,857,833	101,857,833	99.67%
2022/23	124,896,508	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.[3] Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

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[1] Estimated 2022 population.

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

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

TAX CAPACITY RATES[1]

	2018/19	2019/20	2020/21	2021/22	2022/23
I.S.D. No. 279 (Osseo Area Schools)	24.615%	22.008%	22.123%	21.933%	19.640%
Hennepin County	41.861%	41.084%	38.210%	38.535%	34.542%
City of Brooklyn Center	71.860%	66.589%	66.260%	57.109%	55.969%
City of Brooklyn Park	52.695%	49.762%	47.129%	48.338%	43.148%
City of Corcoran	45.160%	45.013%	43.522%	43.192%	42.122%
City of Dayton	56.259%	55.281%	52.899%	48.444%	35.647%
City of Maple Grove	34.889%	32.888%	32.037%	31.407%	27.000%
City of Osseo	60.009%	57.740%	58.211%	57.689%	54.138%
City of Plymouth	26.355%	26.206%	26.509%	27.574%	24.643%
City of Rogers	35.917%	35.859%	33.396%	34.762%	33.557%
HCRRA	1.807%	1.388%	1.323%	1.329%	1.188%
Hennepin HRA	0.535%	0.801%	0.722%	0.771%	0.663%
Metropolitan Council	0.659%	0.616%	0.631%	0.659%	0.576%
Metropolitan Mosquito	0.427%	0.412%	0.381%	0.377%	0.331%
Park Museum	0.705%	0.710%	0.707%	0.722%	0.647%
Three Rivers Park District	2.961%	2.859%	2.793%	2.787%	2.473%
Referendum Market Value Rates:					
I.S.D. No. 279 (Osseo Area Schools)	0.27486%	0.25606%	0.23168%	0.21478%	0.25595%
City of Brooklyn Park	0.01110%	0.01470%	0.01340%	0.02276%	0.01173%
City of Plymouth	0.00219%	0.00209%	0.00197%	0.00185%	0.00162%

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

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 3,072, including 1,346 non-licensed employees and 1,726 licensed employees (1,638 of whom are teachers). The District provides education for 20,509 students in grades kindergarten through twelve.

[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.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

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

Public Employees' Retirement Association (PERA)

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

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
School Executives	June 30, 2023
Teachers	June 30, 2023
Administrative ESP	June 30, 2024
Confidential Support Services	June 30, 2024
Custodians	June 30, 2024
Directors and Confidential Managers	June 30, 2023
School Nutrition	June 30, 2024
Registered Nurses/Licensed Practical Nurses	June 30, 2024
Kidstop Instructors	June 30, 2024
Hourly Technical	June 30, 2024
Licensed Coordinators	June 30, 2023
Management 1-M	June 30, 2023
Educational Support Professionals	June 30, 2024
Salaried Professionals	June 30, 2023
Principals	June 30, 2023

Status of Contracts

The contracts which expired on June 30, 2023 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. 75 (GASB 75). The District 's most recent Annual Comprehensive Financial Report (Audit) shows a total OPEB liability of $17,922,238 as of June 30, 2023. In January of 2009, the District issued $16,000,000 in OPEB Bonds to fund a revocable trust. As of June 30, 2023, the net position of the trust was $9,163,329. 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
2019/20	1,607	9,343	9,730	20,680
2020/21	1,391	8,818	9,732	19,941
2021/22	1,508	8,837	9,710	20,055
2022/23	1,546	9,061	9,696	20,303
2023/24	1,540	9,057	9,912	20,509

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2024/25	1,449	9,075	10,129	20,653
2025/26	1,242	9,231	10,316	20,789
2026/27	1,336	9,078	10,314	20,728

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Arbor View Early Childhood Center	1983	2001
Willow Lane Early Childhood Center	1956	1957, 1987
Basswood Elementary	1995	2002
Birch Grove Elementary School for the Arts	1966	1991, 2004
Cedar Island Elementary	1970	--
Crest View Elementary	1960	1990, 1999, 2003
Edinbrook Elementary	1988	2002
Elm Creek Elementary	1980	--
Fair Oaks Elementary	1962	1991, 2004
Fernbrook Elementary	1988	2003
Garden City Elementary	1959	1994, 2004
Oak View Elementary	1991	--
Palmer Lake Elementary	1964	1991, 2005
Park Brook Elementary	1959	1994, 2004
Rice Lake Elementary	1980	2022
Rush Creek Elementary	1995	2002
Weaver Lake Elementary: A Science, Math and Technology School	1991	--
Woodland Elementary	2002	--
Zanewood Community School: A Science, Technology, Engineering, Arts and Math School	1967	2002
Brooklyn Middle School: A Science, Technology, Engineering, Arts and Math School	1963	1969, 1980, 2003
Maple Grove Middle School	1990	2003
North View Middle School	1970	1986, 2002, 2007
Osseo Middle School	1966	1969, 2002, 2004
Maple Grove Senior High	1996	2002, 2004, 2015
Osseo Senior High	1952	1957, 1960, 1962, 1964, 1966, 1975, 1988, 2015
Park Center Senior High: An International Baccalaureate World School	1964	1966, 1971, 1975, 1987, 1988, 2002, 2003, 2015
Osseo Area Learning Center	1973	2000
Osseo Education Center	1954	1957, 1987, 2005

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

FUNDS ON HAND (as of November 30, 2023)

Fund	Total Cash and Investments
General	$137,435,313
Food Service	4,578,535
Community Service	8,110,472
Debt Service	13,841,539
Building/Construction	(3,697,504)
Custodial	2,134,237
Internal Service	29,404,354
Total Funds on Hand	$191,806,946

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District's 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2023-24 Adopted Budget[1]
Revenues					
Local sources:					
Property taxes	$77,283,444	$75,583,434	$81,485,810	$83,224,135	$84,433,558
Investment earnings	1,864,278	405,348	(42,743)	3,876,850	4,510,000
Other	4,228,608	4,080,860	5,540,516	5,508,470	2,089,704
State souces	218,558,741	216,103,073	215,281,828	227,301,882	233,544,952
Federal sources	9,630,449	19,421,504	20,855,275	27,272,479	0
Total Revenues	$311,565,520	$315,594,219	$323,120,686	$347,183,816	$324,578,214
Expenditures					
Current:					
Administration	$12,045,309	$12,630,825	$13,264,167	$13,704,305	$11,004,734
District support services	7,631,179	7,717,054	7,587,100	8,205,769	8,730,753
Elementary & secondary regular instruction	143,989,921	140,547,910	143,319,449	153,758,984	105,158,067
Vocational education instruction	3,888,466	3,509,057	4,439,304	4,075,296	3,427,320
Special education instruction	55,159,242	56,677,434	59,625,510	60,742,095	46,014,936
Instructional support services	23,051,707	34,912,873	32,329,578	37,203,731	21,826,012
Pupil support services	25,060,178	25,510,887	29,057,448	32,356,873	30,182,149
Sites and buildings	27,088,116	26,146,167	31,472,718	40,561,857	22,211,560
Fiscal and other fixed cost programs	578,794	612,385	665,539	770,720	62,801,453
Debt service	4,326,709	4,230,789	4,730,669	5,398,716	0
Total Expenditures	$302,819,621	$312,495,381	$326,491,482	$356,778,346	$311,356,984
Excess of revenues over (under) expenditures	$8,745,899	$3,098,838	($3,370,796)	($9,594,530)	$13,221,230
Other Financing Sources (Uses)					
Capital lease issued	$1,299,565	$5,000,010	$2,007,134	$5,779,121	$0
Sale of assets	0	0	0	690,119	0
Transfers in (out)	(1,050,000)	0	0	0	0
Total Other Financing Sources (Uses)	$249,565	$5,000,010	$2,007,134	$6,469,240	$0
Net changes in Fund Balances	$8,995,464	$8,098,848	($1,363,662)	($3,125,290)	$13,221,230
General Fund Balance July 1	87,172,388	96,591,973	104,690,821	103,327,159	
Change in accounting principle	424,121	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	$96,591,973	$104,690,821	$103,327,159	$100,201,869	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$523,578	$310,730	$469,524	$459,966	
Restricted	10,740,117	11,169,237	11,183,379	10,000,357	
Assigned	3,926,582	16,452,233	14,669,070 [2]	500,000	
Unassigned	81,401,696	76,758,621	77,005,186	89,241,546	
Total	$96,591,973	$104,690,821	$103,327,159	$100,201,869	

1 The 2023-24 budget was adopted on June 20, 2023. The District has a long and consistent history of adopting conservative budgets and of producing actual financial results that are substantially more favorable than the budget. Over the previous five years the actual year-end general fund balance has exceeded the budgeted fund balance by an average of over $10.2 million.

2 The 2022 audited assigned fund balance of $14,669,070 represented the deficit in the adopted budget for the subsequent fiscal year (2022-23).

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 154,837 and a 2022 population estimate of 152,233, and comprising an area of 42,560 acres, is located in the northern portion of Hennepin County, Minnesota. The District is comprised of all or a portion of the following Minnesota cities: Brooklyn Center, Brooklyn Park, Corcoran, Dayton, Maple Grove, Osseo, Plymouth and Rogers.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	**Type of Business/Product**	**Estimated No. of Employees**
Target Corporation	Corporate location and retail stores	4,000
I.S.D. No. 279 (Osseo Area Schools)	Elementary and secondary education	3,072
Boston Scientific/SciMed	Manufacture medical devices	3,000 [2]
Teleflex	Medical technologies	1,900
United Parcel Service	Postal service - customer center	700
Caterpillar Paving Products	Commercial asphalt construction	660
North Hennepin Community College	Community college	610
City of Maple Grove	Municipal government and services	569
LSC Communications	Printing, mailing and marketing	540
Hy-Vee	Grocery store - retail store	500

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

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

[2] Total number of employees reflect all locations in Minnesota, including those outside of District limits.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	135,140
2020 U.S. Census population	154,837
Percent of Change 2010 - 2020	14.58%
2022 State Demographer Estimate	152,233

Income and Age Statistics

	The District	Hennepin County	State of Minnesota	United States
2022 per capita income	$44,433	$55,615	$44,947	$41,261
2022 median household income	$92,931	$89,399	$84,313	$75,149
2022 median family income	$111,271	$124,295	$107,072	$92,646
2022 median gross rent	$1,363	$1,375	$1,178	$1,268
2022 median value owner occupied units	$279,800	$377,100	$286,800	$281,900
2022 median age	37.5 yrs.	37.7 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
District % of 2022 per capita income	98.86%	107.69%
District % of 2022 median family income	103.92%	120.10%

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

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	**Hennepin County**	**Hennepin County**	**State of Minnesota**
2019	691,369	2.8%	3.3%
2020	670,358	6.6%	6.3%
2021	666,210	3.8%	3.8%
2022	686,159	2.5%	2.7%
2023, December			2.6%

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.

Osseo Area Schools

ISD 279

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2023

Our mission is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

2022-23

INDEPENDENT SCHOOL DISTRICT 279

OSSEO AREA SCHOOLS

Maple Grove, Minnesota

ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 279
OSSEO AREA SCHOOLS

11200 – 93rd Avenue North
Maple Grove, MN 55369

Prepared by:
Business Services Department

Executive Director of Finance and Operations:
John Morstad, SFO, CSRM

Director, Business Services:
Kelly Benusa, CPA, RSBO, SFO

Assistant Director, Business Services:
Michael Hueller, CPA

Coordinator, Business Services:
Michelle Larson

Osseo Area Schools

ISD 279

Our Mission

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INDEPENDENT SCHOOL DISTRICT NO. 279

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Osseo Area Schools

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

SECTION I
INTRODUCTION

Osseo Area Schools

ISD 279

Our Mission

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OSSEO AREA SCHOOLS
ISD 279

Business Services
Educational Service Center

November 15, 2023

FISCAL YEAR 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

To: Independent School District No. 279 – Osseo Area Schools School Board members and citizens

The Annual Comprehensive Financial Report (ACFR) of Independent School District (ISD) No. 279 – Osseo Area Schools (the District) for the fiscal year ended June 30, 2023, is submitted herewith. Minnesota state law requires that public school districts publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023. The District is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's 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.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Malloy, Montague, Karnowski, Radosevich & Co., P.A., has issued unmodified opinions on the District's financial statements for the year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

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Maple Grove, MN 55369

district279.org

PROFILE OF THE DISTRICT

The District was incorporated in 1953. As Minnesota's fifth-largest school district, Osseo Area Schools serves all or parts of Brooklyn Center, Brooklyn Park, Corcoran, Dayton, Maple Grove, Osseo, Plymouth, and Rogers.

The District is governed by an elected six-member School Board. The seated School Board consists of six members who are elected at large in even-numbered years. Members serve alternating four-year terms.

The School Board hires the superintendent and delegates the authority and responsibility to administer school district operations. The superintendent serves as an ex-officio member of the School Board.

In Osseo Area Schools, we inspire and prepare each and every scholar with the confidence, courage, and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning. Our scholars benefit from exceptional opportunities, support, and partnerships that help them graduate with the confidence, courage, and competence to make their dreams a reality.

Our size is an advantage, allowing us to offer more academic and extracurricular opportunities for your child to thrive; greater access to technology to enhance learning; and more staff to support your student's individual learning needs.

ISD No. 279 students reflect our vibrant global community, coming from homes where more than 100 dialects or languages are spoken. Our schools are racially and culturally diverse, and students experience rich, real-life learning environments that prepare them for success in the 21st century workplace.

The District enrolled 20,441 students in fiscal year (FY) 2023 from a population of 156,387 citizens residing in a 66 square mile area. Students are served pre-kindergarten through Grade 12, in 17 elementary schools (PreK–5), four middle schools (6–8), three senior highs (9–12), an online learning school (K–12), an area learning center, two early childhood centers, two special program sites, and an adult education/enrollment center. Community education classes serve lifelong learners from birth through senior citizens.

A child's first years of school provide a foundation for lifelong learning. Prekindergarten programming—available at every elementary school—incorporates research-based early learning standards developed by the Minnesota Department of Education (MDE). Our teachers and staff work together to ensure the concepts and skills taught in prekindergarten lay the groundwork for those taught in kindergarten.

Elementary students are introduced to a range of subjects, from reading/language arts to math, science, social studies, art, music (vocal and instrumental), and physical education. Students in fourth and fifth grade can audition for the Children's Chorus, a district-wide performing group that has served the community for more than 50 years. Services are also provided at each elementary school to support gifted learners and students with special needs.

In middle school, young minds thrive on active learning. Our middle school program keeps students engaged and challenged; helps them discover new interests; and supports their growth. While in middle school, your child may even take courses eligible for high school credit.

An interdisciplinary team of teachers focuses on your child's academic, social, and emotional needs. Students also have a regular advisory period that provides time for extra attention to academics, along with opportunities to build relationships with teachers and other students.

High school offers opportunities for students to explore, grow, and prepare for entering the workplace or college. In addition to choosing core subjects and a wide range of electives, your child can participate in sports, theater, arts, clubs, music, community service, and leadership opportunities. Students have several options for earning college credit while in high school, including Advanced Placement and International Baccalaureate courses, credit agreements with local community and technical colleges, and Post-Secondary Enrollment Options. Our robust career and technical education offerings can help your child gain career-connected knowledge, skills, and competencies that will help them succeed in life after high school. Students can even receive workplace-ready certifications in fields, such as automotive technology, culinary arts, healthcare, and information technology.

As a large district, we are able to offer a wide range of programs and school choices, making it easier for you to find options that meet your child's needs:

- Science, Technology, Engineering, and Math (STEM) magnet program at Weaver Lake Elementary
- Arts magnet integrating fine arts, drama, dance, and music at Birch Grove Elementary School for the Arts
- Science, Technology, Engineering, Arts, and Math (STEAM) magnet programs at Zanewood Community School and Brooklyn Middle School
- International Baccalaureate Middle Years and Diploma Programmes at Park Center Senior High
- Health Sciences magnet program at Osseo Senior High
- Nationally certified automotive maintenance and light repair program at Osseo Senior High
- Career certifications in several fields, including, automotive technology, culinary arts, healthcare, and information technology
- Advanced Placement college-level courses at all high schools
- Gifted Education services
- All-day kindergarten at every elementary school
- Free or tuition-based prekindergarten at every elementary school

Some of our special honors:

- Maple Grove Senior High and Osseo Senior High are two of the nation's Best High Schools, according to U.S. News & World Report
- Weaver Lake was named one of the nation's top three STEM schools in 2015
- Minnesota School of Excellence honors awarded to Elm Creek Elementary (2017) and Woodland Elementary (2011)
- National Merit students honored each year
- Advanced Placement (AP) Scholars, Gates Millennium Scholars, Wallin Education Partners Scholars
- Award-winning staff: Minnesota National Outstanding Assistant Principal, Minnesota Elementary School Counselor of the Year, Minnesota Educational Support Professional of the Year, Minnesota School Business Official of the Year, Minnesota Council on the Teaching of Languages and Cultures Teacher of the Year, and more

- Only Minnesota school district named one of nation's "Best Communities for Music Education" every year since 2009
- State and national award-winning magnet schools
- Recognized for excellence in financial reporting by the MDE and the Association of School Business Officials (ASBO) International
- All-conference musicians in band, orchestra, and choir
- State, section, and conference champions in athletics
- Hennepin Theatre Trust Spotlight Award honorees, including state-wide Triple Threat winners

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 is required to adopt an initial budget for the fiscal year no later than June 30th preceding the beginning of the fiscal year on July 1st. This annual budget serves as the foundation for the District's financial planning and control.

LOCAL ECONOMY

The District had a budgeted enrollment of 20,533 adjusted average daily membership for FY 2023 and an actual enrollment of 20,441. The District's student enrollment for FY 2024 is projected to increase with an estimated student enrollment of 20,891. An increase in enrollment is projected over the next four years.

The District's school buildings were built between 1952 and 2002. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota and has a 10-year spending plan of $291 million for deferred maintenance and health and safety facility needs.

The District intentionally focuses efforts of staff and other resources to identify available financial resources to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. For the past several years, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs due to increased inflationary costs and required mandates. For example, according to data provided by the MDE, had the general education formula increased by the rate of inflation each year since 2003, the 2023 allowance per ADM would be $8,126 rather than $6,863, a difference of $1,263 per ADM, which would amount to more than $27.7 million in 2023 for the District.

Minnesota's economic and budget outlook has stabilized and created a record surplus in the wake of the pandemic. According to the state budget and economic forecast released from the Minnesota Management and Budget (MMB) in February 2023, the state was projecting a $17.5 billion surplus. In addition, 2023 also brought one party control to the Legislature. This allowed the DFL majority to utilize the record surplus to enact their agenda, which included a long list of unfinished business from previous sessions. While the session ultimately provides the District with successes with several legislative priorities we have been lobbying to enact for many years, we also encountered legislative proposals that sought to dictate how schools are managed and proposals that fell short of fully funding new employee benefits. These included matters related to collective bargaining, managerial rights, unemployment insurance for hourly school employees, paid family medical leave, earned safe and sick time, tiered licensure changes, student discipline, and new graduation requirements.

In alignment with the current economic concerns, there are numerous factors affecting public school finance and need to be monitored on an on-going basis, such as:

- State aid versus local taxpayer funding for programs and services
- Economic factors, such as unemployment and overall revenue collections by the state
- Mandated programs that are not fully funded, such as special education
- Compliance and implementation of governmental pronouncements
- Impact to local taxpayers for funding requests
- Increased competition for students from other public schools, as well as charter schools
- Housing development and growth
- Enrollment trends
- Health insurance cost increases
- Pension obligations, both local and state
- Management of federal grants and other special funded state programs

BUDGET PROCESS AND LONG-TERM FINANCIAL PLANNING

The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, General Obligation Bonds Debt Service Account, and OPEB Bonds Debt Service Account. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization. Legal budgetary control is at the fund account level.

The budget planning steps began in October 2022, using the **Long-Range Financial Model (LRFM) and Annual Budget Framework** and the **FY 2024 Budget Planning Timeline**. The District's implementation of this long-range financial planning (LRFP) process for developing the annual budget began in FY 2013. The LRFP process is refined and improved annually. As a part of the LRFP process, the following key budget considerations were used during the FY 2024 budget adjustment process:

Outcomes for budget adjustment process –

1. Create budget adjustment recommendations that align with our system's Mission and Strategic Priorities.
2. Involve school and community stakeholders in determining how to provide a quality education using available resources.
3. Provide budget recommendations for School Board approval that achieve a school district budget that maintains required fund balance.

Budget adjustment proposal process –

1. The system has identified legally required and mandated essential services and programs. These will not be considered for adjustment.
2. The analysis of budget adjustments will be based on a review of the effectiveness of specific programs or services. Information will be used to determine which program or initiatives are not getting expected results and should be considered for budget adjustments.
3. The analysis will consider the basic requirements for providing the educational program at sites. This analysis will establish the base quality education level that the District does not want to go below, and the essential support services required to deliver the base.
4. The analysis will consider the impact on our work to ensure equitable student achievement.
5. School Board policies will be considered to determine if they exceed legally required and mandated essential services and programs or the basic requirements for providing the education program. Do board policies and regulation have financial implications? If so, which policies and/or regulations might be changed?
6. All proposed adjustments will be evaluated using the Program Efficiency Abandonment and Redirection (PEAR) process. The process considers the impact of the enhancement, reduction, elimination, or restructuring of services on the education programs.
7. Staff and citizen idea input will be solicited and shared with the School Board for consideration in the budget planning process, through LRFP Advisory and Financial Involvement School-Community Accountability Liaisons (FISCAL). In addition, other formal district advisory groups, such as District Planning Advisory Council (DPAC), Core Planning, Activities Program Advisory Council (APAC), and Community Education Program Advisory Council (CEPAC), inform our work regarding district program priorities, which impacts budget priorities.

The School Board reviewed FY 2024 budget proposals at a work session on February 7, 2023. These budget proposals followed School Board direction that was provided at the November 15, 2022 work session. Budget proposals were approved at the February 21, 2023 regular School Board meeting and resulted in net adjustments of $1,021,810 in the General Fund, $150,000 in the Food Service Special Revenue Fund, and $90,000 in the Community Service Special Revenue Fund. The General Fund amount is comprised of LRFP budget adjustments, including enrollment alignment of $1,228,398 and safe schools alignment of $(206,588) for the General Fund budget.

MISSION, VISION STATEMENT, CORE VALUES, AND STRATEGIC DIRECTIONS

The District's mission, core values, and strategic directions provide for the investment of human and financial resources across the system.

MISSION

Our mission is to inspire and prepare each and every scholar with the confidence, courage, and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

VISION STATEMENT

Unleash and enhance the brilliance of our scholars to thrive and change the world.

CORE VALUES

HONOR AND INTEGRITY
Holding ourselves, each other, and our system to the highest standards to create the best conditions for learning.

BELONGING
Developing meaningful relationships that build trust, understanding, and community.

INCLUSION
Intentionally engaging diverse voices and perspectives equitably and respectfully.

INNOVATION AND EXCELLENCE
Cultivating creativity, ideas, confidence, and transformational growth.

TRANSPARENCY
Communicating, modeling, and making decisions clearly, equitably, and openly.

INTRINSIC VALUE
Each scholar, staff member, and family are valued and respected for their perspective, experience, and contributions.

STRATEGIC DIRECTION

- Create safe, welcoming, and inclusive learning environments that foster global curiosity, belonging, innovation, and engagement.
- Build and nurture a culture of achievement by providing content rich, rigorous, equitable, and individualized pathways.
- Promote inclusive participation of all of our communities and provide timely, relevant, and easily accessible communication.
- Create a system of operational innovation, excellence, accountability, and sustainability.
- Address, acknowledge, and reduce systemic disparities, barriers and inequities, as we lead, develop, and align our district toward continuous improvement.

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

School Board Policy 730 addresses fund balance. The policy is in place to ensure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures. The School Board endeavors to maintain an unassigned fund balance that will not fall below 5.0 percent of the District's General Fund operating expenditure budget, excluding capital programs.

Minnesota Statutes § 123B.83 requires districts to "limit its expenditures so that its net unreserved General Fund balance does not constitute statutory operating debt under § 123B.81."

Unassigned fund balance in the General Fund on June 30, 2023 was 27.9 percent of total General Fund Operating Account expenditures. This amount was within the policy guidelines set by the School Board for budgetary and planning purposes.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

AWARDS AND ACKNOWLEDGEMENTS

This report will be submitted to the ASBO International for consideration for the Certificate of Excellence (COE) in Financial Reporting. The District received this award as a result of its initial submission in FY 1990 and all subsequent submissions on an annual basis through FY 2022. To receive this award, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. This award is valid for a period of one year only. The District expects to continue to earn the recognition that accompanies the standards of accuracy and thoroughness of the COE program.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Business Services Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the School Board for its unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,

John Morstad, SFO, CSRM
Executive Director of Finance & Operations

Kelly Benusa

Kelly Benusa, CPA, RSBO, SFO
Director, Business Services

Osseo Area Schools
ISD 279

Organizational Chart 2023-24

- **SCHOOL BOARD**
  - **SUPERINTENDENT**
    - General Counsel
    - Executive Director of School and Community Relations

HUMAN & ADMINISTRATIVE RESOURCES TEAM (HART)

- **Executive Director of Human Resources**
  - Director of Human Resources (Labor Relations)
  - Director of Human Resources
- **Executive Director of Finance and Operations**
  - Director of Business Services
  - Director of Food & Nutrition
  - Director of Transportation, Security & Emergency Management
  - Director of Facility Operations

DEPARTMENT OF LEADERSHIP, TEACHING & LEARNING (DLTL)

- **Assistant Superintendent of Elementary Schools**
  - Elementary Principals
- **Assistant Superintendent of Secondary Schools**
  - Middle School Principals
  - High School Principals
- **Assistant Superintendent of Equity and Achievement**
  - Director of Educational Equity
  - Director of Student Services
  - Director of Learning & Achievement
  - District Level Principal
  - Principal of 279Online/OALC

COMMUNITY ENGAGEMENT (CEN)

- **Executive Director of Community Engagement**
  - Assistant Director of Targeted Services
  - Coordinator of Kidstop/Four Star
  - Coordinator of Enrichment
  - Coordinator of Facilities
  - Coordinator of Center for Enrollment Services
  - Coordinator of Adult Basic Ed
  - Coordinator of Early Childhood Programs

INSTRUCTIONAL & INFORMATION TECHNOLOGY TEAM (I2T2)

- **Executive Director of Technology**
  - Coordinator of Information Systems
  - Coordinator of District Wide Systems
  - Coordinator of Elementary Systems
  - Coordinator of Secondary Systems

INDEPENDENT SCHOOL DISTRICT NO. 279

School Board and Administration
as of June 30, 2023

SCHOOL BOARD

	Board Position
Jacquelene Mosqueda-Jones	Chairperson
Tanya Simons	Vice Chairperson
Tamara Grady	Clerk
Heather Douglass	Treasurer
Thomas Brooks	Director
Sarah Mitchell	Director

ADMINISTRATION

Cabinet

Kim Hiel	Superintendent
Bryan Bass	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Stephen Flisk	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Kelli Parpart	Assistant Superintendent, Division of Leadership, Teaching, and Learning
Brian Siverson-Hall	Executive Director, Community Engagement
John Morstad, SFO, CSRM	Executive Director, Finance and Operations
Laurel Anderson	Executive Director, Human Resources
Anthony Padrnos	Executive Director, Technology
Amy Moore	General Counsel
Kay Villella	Executive Director, School and Community Relations

Business Services

Kelly Benusa, CPA, RSBO, SFO	Director, Business Services
Michael Hueller, CPA	Assistant Director, Business Services
Michelle Larson	Coordinator, Business Services

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Independent School District 279 - Osseo Area Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

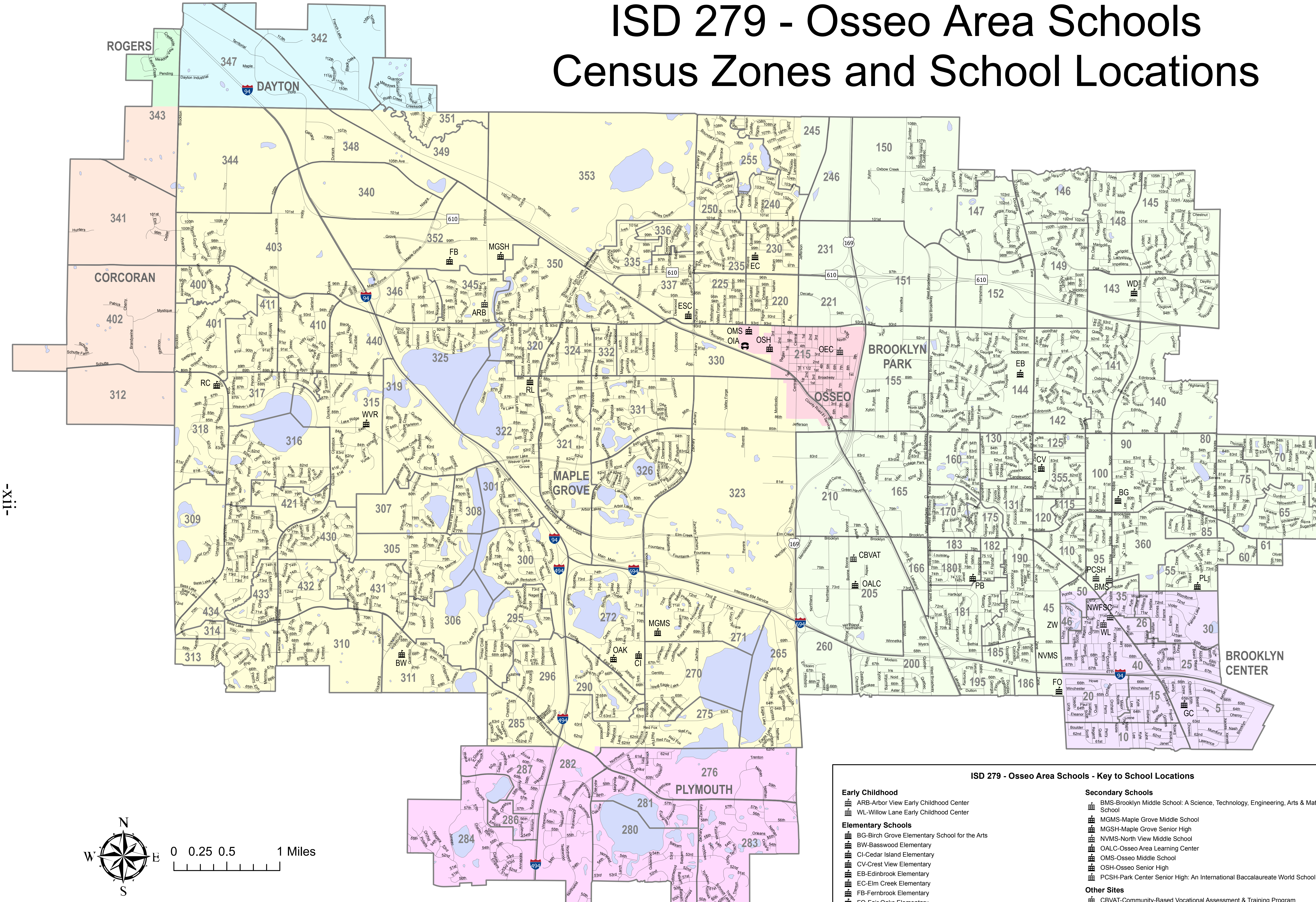
The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

John W. Hutchison
President

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

ISD 279 - Osseo Area Schools Census Zones and School Locations



Updated March, 2021

ISD 279 - Osseo Area Schools - Key to School Locations

Early Childhood
- ARB-Arbor View Early Childhood Center
- WL-Willow Lane Early Childhood Center

Elementary Schools
- BG-Birch Grove Elementary School for the Arts
- BW-Basswood Elementary
- CI-Cedar Island Elementary
- CV-Crest View Elementary
- EB-Edinbrook Elementary
- EC-Elm Creek Elementary
- FB-Fernbrook Elementary
- FO-Fair Oaks Elementary
- GC-Garden City Elementary
- OAK-Oak View Elementary
- PB-Park Brook Elementary
- PL-Palmer Lake Elementary
- RC-Rush Creek Elementary
- RL-Rice Lake Elementary
- WD-Woodland Elementary
- WVR-Weaver Lake Elementary: A Science, Math & Technology School
- ZW-Zanewood Community School: A Science, Technology, Engineering, Arts & Math School

Secondary Schools
- BMS-Brooklyn Middle School: A Science, Technology, Engineering, Arts & Math School
- MGMS-Maple Grove Middle School
- MGSH-Maple Grove Senior High
- NVMS-North View Middle School
- OALC-Osseo Area Learning Center
- OMS-Osseo Middle School
- OSH-Osseo Senior High
- PCSH-Park Center Senior High: An International Baccalaureate World School

Other Sites
- CBVAT-Community-Based Vocational Assessment & Training Program
- ESC-Educational Service Center
- NWFSC-Northwest Family Service Center (Enrollment Center, Kidstop, & Adult Basic Education Center)
- OEC-Osseo Education Center (ACHIEVE & Osseo Secondary Transition Center)
- OIA-Osseo Ice Arena
- 279 Online

SECTION II

FINANCIAL

Osseo Area Schools

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 279 – Osseo Area Schools
Maple Grove, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Independent School District No. 279 – Osseo Area Schools (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 1 to the basic financial statements, in fiscal 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management 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, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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, that 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.

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

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 combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purpose of additional analysis and are 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 combining and individual fund financial statements and schedules 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 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.

PRIOR YEAR COMPARATIVE INFORMATION

We have previously audited the District's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 11, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
November 15, 2023

This section of Independent School District No. 279 – Osseo Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2023 include the following:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023 by $176,807,695 (net position). The District's total net position increased by $63,142,370 during the fiscal year ended June 30, 2023. This change is mostly related to investments in capital assets financed by general grants and aids and positive changes in net pension-related deferred inflows, deferred outflows, and liabilities in the state-wide pension plans the District participates in.

- The District's General Fund experienced a decrease in fund balance of $3,125,290, which was $7,020,063 higher than the $10,145,353 deficit projected in the budget.

- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which did not change the beginning net position. This change is further described in Note 1 of the notes to basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the ACFR consists of five parts: independent auditor's report, MD&A (this section), the basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, which are presented as supplementary information. The basic financial statements include several kinds of statements, which 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 financial statements.
- The g*overnmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term,* as well as what remains for future spending.
- The *proprietary fund financial statements* offer *short-term* and *long-term* financial information about the activities the District operates *like businesses*.
- The *fiduciary fund financial statements* provide information about the financial relationships in which the District acts solely as *custodian* for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A shows how the various parts of this ACFR are arranged and relate to one another:

Figure A
Organization of the Annual Comprehensive Financial Report

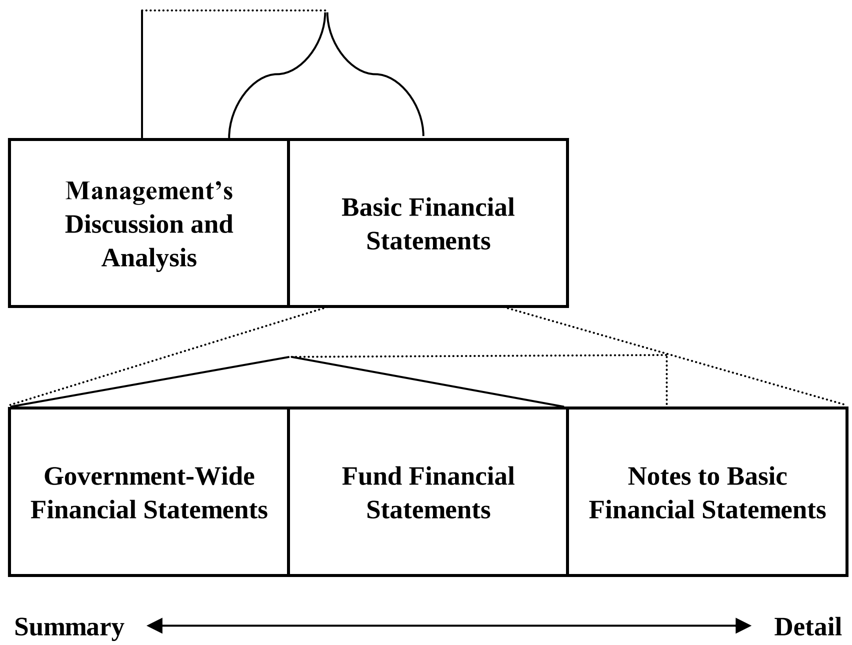


Figure B summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and content of each of the statements.

Figure B – Major Features of the Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance, food service, and community education	Activities of the District that operate similar to businesses: Internal Service Fund	Instances in which the District administers resources on behalf of someone else
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenue, Expenses, and Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred inflows of resources, liabilities, and deferred outflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up, liabilities that come due during the year or soon thereafter, and deferred inflows of resources that become available; no capital assets or long-term liabilities are included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements 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, except for fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

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

In the government-wide financial statements, the District's activities are shown in one category:

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*—focusing on its most significant or major funds—rather than 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 or to show that it is properly using certain revenues.

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* can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or 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 financial statements, we provide additional information in the governmental fund financial statements that explains the relationship (or differences) between them.

- **Proprietary Funds** – Internal service fund 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 financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has four internal service funds consisting of a self-insured dental plan, self-insured medical plan, retirement incentive pay, and a post-employment benefits revocable trust.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position – The District's *combined* net position was $176,807,695 on June 30, 2023. This was an increase of 55.6 percent from the prior year.

Table 1
Summary Statement of Net Position – Governmental Activities
as of June 30, 2023 and 2022

	2023	2022
Assets		
Current and other assets	$ 292,404,657	$ 275,142,472
Capital assets, net of depreciation/amortization	427,413,536	408,390,651
Total assets	$ 719,818,193	$ 683,533,123
Deferred outflows of resources		
OPEB plan deferments	$ 6,215,999	$ 4,847,647
Pension plan deferments – PERA and TRA	69,784,854	77,130,207
Total deferred outflows of resources	$ 76,000,853	$ 81,977,854
Liabilities		
Long-term liabilities	$ 429,259,358	$ 319,693,508
Other liabilities	17,908,824	19,867,430
Total liabilities	$ 447,168,182	$ 339,560,938
Deferred inflows of resources		
Property taxes levied for subsequent year	$ 121,913,098	$ 97,169,185
OPEB plan deferments	2,915,391	2,136,859
Pension plan deferments – PERA and TRA	47,014,680	212,978,670
Total deferred inflows of resources	$ 171,843,169	$ 312,284,714
Net position		
Net investment in capital assets	$ 268,802,808	$ 251,841,254
Restricted	32,179,593	33,722,595
Unrestricted	(124,174,706)	(171,898,524)
Total net position	$ 176,807,695	$ 113,665,325

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for long-term severance, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

Total net position increased by $63,142,370, which primarily is related to investments in capital assets financed by general grants and aids and positive changes in net pension-related deferred inflows, deferred outflows, and liabilities in the state-wide pension plans, including the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA).

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2023 and 2022

	2023	2022
Revenues		
Program revenues		
Charges for services	$ 14,171,766	$ 12,978,032
Operating grants and contributions	118,091,828	107,415,958
Capital grants and contributions	7,807,982	7,778,430
General revenues		
Property taxes	101,077,810	100,332,051
General grants and aids	148,877,949	142,401,547
Other	7,126,568	(2,671,010)
Total revenues	397,153,903	368,235,008
Expenses		
Administration	13,705,585	13,265,447
District support services	10,612,245	9,665,973
Elementary and secondary regular instruction	115,585,085	132,679,526
Vocational education instruction	4,036,605	4,431,862
Special education instruction	50,189,664	56,663,872
Instructional support services	36,209,514	32,168,972
Pupil support services	32,245,839	29,065,764
Sites and buildings	22,698,059	21,801,400
Fiscal and other fixed cost programs	770,720	665,539
Food service	15,578,299	13,787,275
Community service	15,570,524	13,561,234
Unallocated depreciation and amortization expense	11,678,097	10,781,321
Interest and fiscal charges	5,131,297	4,869,711
Total expenses	334,011,533	343,407,896
Change in net position	63,142,370	24,827,112
Net position – beginning	113,665,325	88,838,213
Net position – ending	$ 176,807,695	$ 113,665,325

Change in Net Position – The District's total revenues were $397,153,903 for the year ended June 30, 2023. Property taxes and general grants and aids accounted for 62.9 percent (see Figure C) of total revenue for the year. Operating grants and contributions increased $10,675,870 for the fiscal year ended June 30, 2023, from an increase in state aid revenues, including increases in general education and compensatory aid. Other general revenues increased $9,797,578 for the current fiscal year, mainly from improved interest rates on investments.

The total cost of all programs and services was $334,011,533. The District's expenses are predominantly related to educating and caring for students (74.5 percent) (see Figure D). The administrative activities of the District accounted for 4.1 percent of total costs. Expenses for fiscal year 2023 decreased $9,396,363, mainly in elementary and secondary regular instruction and special education instruction, mainly due to positive changes in net pension-related obligations as previously mentioned, offset by increased salary and benefit costs.

Figure C – Sources of Revenues for Fiscal Year 2023

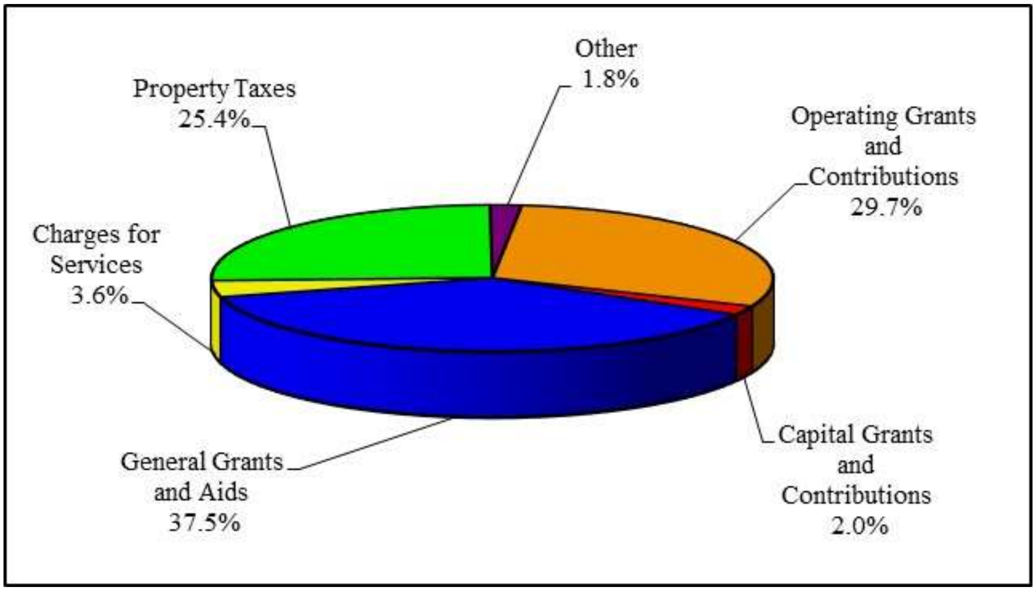
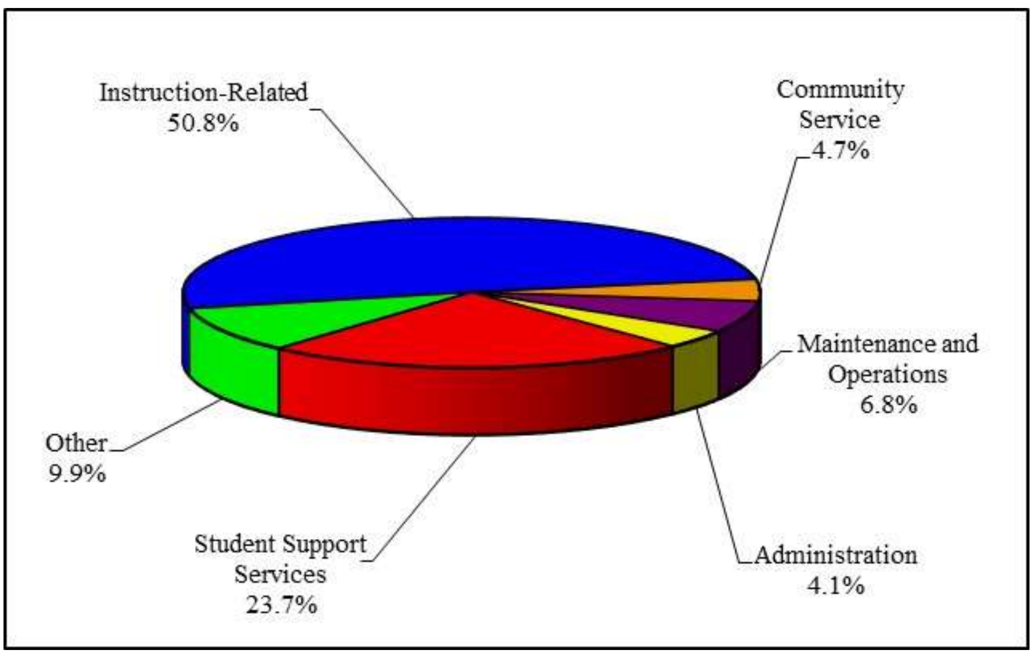


Figure D – Expenses for Fiscal Year 2023



- The cost of all *governmental* activities for fiscal year 2023 was $334,011,533.

- Most of the District's costs were paid for by district taxpayers and the taxpayers of our state through general revenues totaling $257,082,327. This portion of governmental activities was paid for with $101,077,810 in property taxes and $148,877,949 of primarily state aid based on the state-wide education aid formula.

- The federal and state governments subsidized certain programs with operating grants and contributions of $118,091,828 and $7,807,982 of capital grants and contributions.

- Some of the cost, $14,171,766, was paid by the users of the District's programs.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Total Percent Change	Net Cost of Services		Total Percent Change
	2023	2022	2023–2022	2023	2022	2023–2022
Administration	$ 13,705,585	$ 13,265,447	3.3%	$ 13,473,718	$ 13,032,324	3.4%
District support services	10,612,245	9,665,973	9.8%	10,412,123	8,928,616	16.6%
Elementary and secondary regular instruction	115,585,085	132,679,526	(12.9%)	67,370,997	103,245,528	(34.7%)
Vocational education instruction	4,036,605	4,431,862	(8.9%)	3,876,985	4,235,320	(8.5%)
Special education instruction	50,189,664	56,663,872	(11.4%)	9,214,646	14,161,948	(34.9%)
Instructional support services	36,209,514	32,168,972	12.6%	26,462,310	19,000,911	39.3%
Pupil support services	32,245,839	29,065,764	10.9%	27,671,458	25,601,170	8.1%
Sites and buildings	22,698,059	21,801,400	4.1%	14,547,113	13,863,335	4.9%
Fiscal and other fixed cost programs	770,720	665,539	15.8%	770,720	665,539	15.8%
Food service	15,578,299	13,787,275	13.0%	1,982,135	(3,045,043)	(165.1%)
Community service	15,570,524	13,561,234	14.8%	1,348,358	(105,204)	(1,381.7%)
Unallocated depreciation and amortization expense	11,678,097	10,781,321	8.3%	11,678,097	10,781,321	8.3%
Interest and fiscal charges	5,131,297	4,869,711	5.4%	5,131,297	4,869,711	5.4%
Total	$ 334,011,533	$ 343,407,896	(2.7%)	$ 193,939,957	$ 215,235,476	(9.9%)

The change in the total and net cost of services within elementary and secondary regular instruction, special education instruction, and instructional support services all relate to positive changes in net pension-related obligations as previously mentioned, offset by increased salary and benefit costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

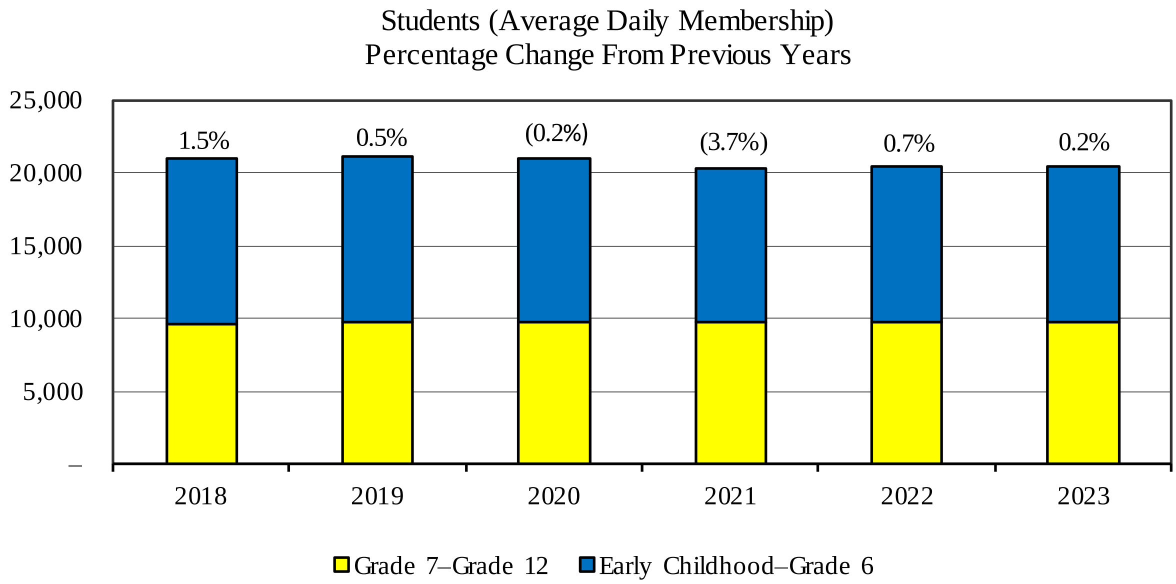
As the District completed the year, its governmental funds reported a *combined* fund balance of $124,956,878, a decrease from last year's ending fund balance of $128,618,261, or 2.8 percent.

Revenues for the District's governmental funds were $394,952,436, while total expenditures were $417,639,663. Total other financing sources (uses) were $19,025,844, due mainly to bonds, financed purchases, and subscription liabilities issued during the fiscal year 2023.

GENERAL FUND

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

The following graph shows the percentage change in the number of students over the last several years:



Over the last six years, the District has seen a 2.5 percent decrease in the number of students. Enrollment projections predict an increase in enrollment of 1.9 percent for fiscal year 2024 through fiscal year 2028. In the fall of 2020, student enrollment decreased from projections, due to the impact of COVID-19. This occurred in most Minnesota school districts and is being considered in future projections.

The following schedule presents a summary of General Fund revenues:

	Year Ended June 30, 2023	Year Ended June 30, 2022	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local sources				
Property taxes	$ 83,224,135	$ 81,485,810	$ 1,738,325	2.1%
Investment earnings (losses)	3,876,850	(42,743)	3,919,593	9,170.1%
Other	5,508,470	5,540,516	(32,046)	(0.6%)
State sources	227,301,882	215,281,828	12,020,054	5.6%
Federal sources	27,272,479	20,855,275	6,417,204	30.8%
Total General Fund revenue	$ 347,183,816	$ 323,120,686	$ 24,063,130	7.4%

Total General Fund revenue increased by $24,063,130, or 7.4 percent, in fiscal year 2023, compared with fiscal year 2022. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including the excess levy referendum, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year-to-year, without any net change in revenue.

State sources increased mainly in two areas. These increases were $7.4 million for compensatory aid and $3.8 million in the general education basic formula allowance, due to a 2.0 percent increase from legislation for fiscal year 2023.

Investment earnings increased, due to improved interest rates and market value changes for the current year.

Total federal sources increased, due to additional funding for COVID-19 being available in fiscal year 2023.

Property taxes revenue increased, mainly due to long-term facilities maintenance.

The following schedule presents a summary of General Fund expenditures:

	Year Ended June 30, 2023	Year Ended June 30, 2022	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	$ 199,885,478	$ 189,510,617	$ 10,374,861	5.5%
Employee benefits	71,712,285	68,158,360	3,553,925	5.2%
Purchased services	42,025,289	37,047,141	4,978,148	13.4%
Supplies, materials, and equipment	36,367,404	25,702,457	10,664,947	41.5%
Other expenditures	6,787,890	6,072,907	714,983	11.8%
Total expenditures	$ 356,778,346	$ 326,491,482	$ 30,286,864	9.3%

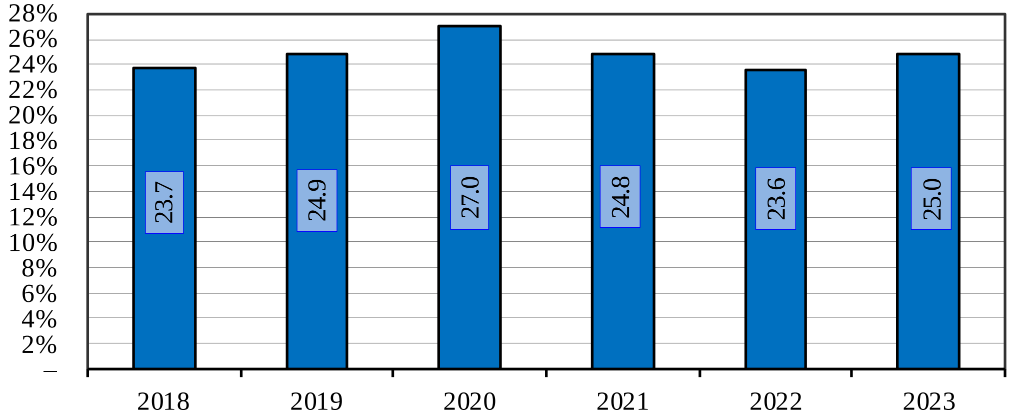
Total General Fund expenditures increased $30,286,864, or 9.3 percent, from the previous year.

In fiscal year 2023, salaries and benefits increased $13,928,786. The increase in salaries and benefits is attributed to employee contract improvements and spending increases in COVID-19-related federal fund entitlements.

Purchased services increased by 13.4 percent. This increase was comprised of numerous areas. The largest area of increase was for contracted transportation services, due to contract increases for the current year. Other areas of increase included: utilities, consulting, and staff development.

Supplies, materials, and equipment increased by $10,664,947, or 41.5 percent, from the prior year. The increase can be attributed to financed purchases for light emitting diode (LED) lighting, physical security technology, student and staff devices, subscription liabilities, and long-term facilities maintenance projects.

The following graph shows the General Fund unassigned fund balance (without including any restricted account deficits) as a percentage of expenditures:



In fiscal year 2023, General Fund revenue and other financing sources were less than expenditures by $3,125,290. Therefore, total fund balance decreased to $100,201,869 at June 30, 2023. After deducting nonspendable, assigned, and restricted amounts (including restricted account deficits), the unassigned fund balance decreased from $77,005,186 at June 30, 2022 to $89,245,564 at June 30, 2023.

The graph above is the single best measure of overall financial health. The unassigned fund balance of $89,245,564 at June 30, 2023 represents 25.0 percent of annual expenditures, or 13.0 weeks of operations. The District closely monitors its fund balances.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

1. Implementing budgets for specially funded projects, which include both federal and state grants; reinstating prior year purchase orders being carried over; and budgeting for clearing, resale, and gifts.

2. Changes in appropriations for significant unbudgeted costs.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by $10,145,353, reducing fund balance, the actual results for the year show a decrease of $3,125,290.

- Actual revenues were $2,570,721 under budget, mainly due to federal sources being $3,469,419 under budget, due to unspent and carried over funds to future fiscal years.

- Actual expenditures were $3,121,544 under budget. Although the variance is comprised of numerous items, the main areas of savings were due to open staff positions and cost containment measures by management and staff.

- Other financing sources were $6,469,240 over budget, due to the issuance of financed purchases and subscription liabilities in the current year.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Capital Projects – Building Construction Fund revenues and other financing sources exceeded expenditures by $381,083, resulting in a fund balance of $9,654,295 at June 30, 2023. The increase is due to a combination of the issuance of debt in the current year and the planned spenddown in accordance with the long-term facilities maintenance plan.

The Debt Service Fund expenditures and other financing uses were $276,071 more than revenue and other financing sources in fiscal year 2023. The remaining fund balance of $4,028,370 at June 30, 2023 is available for meeting future debt service obligations.

NONMAJOR FUNDS

Expenditures exceeded revenue and other financing sources in the nonmajor funds by $641,105. The Food Service Special Revenue Fund had a decrease in fund balance of $1,754,016. This was more than budgeted, due to the increased cost of food from a la carte food sales, along with rising inflation of food costs. The Community Service Special Revenue Fund had an increase in fund balance of $1,112,911, due to increased participation in school readiness and youth enrichment programs and increased facility rentals. From the standpoint of maintaining current operating expenditures within the range of annual revenue, these funds continue to operate on a sound financial basis and are monitored throughout the year.

INTERNAL SERVICE FUNDS

During fiscal year 2023, the District operated a Dental Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured dental program. Net position in this fund decreased $15,310, resulting in a net position of $409,014 at June 30, 2023.

During fiscal year 2023, the District operated a Medical Self-Insurance Internal Service Fund. This fund accounts for the District's self-insured medical program. Net position in this fund decreased $573,631, resulting in a net position of $371,952 at June 30, 2023.

The Retirement Incentive Pay Internal Service Fund change in net position decreased $206,469, resulting in a net position of $791,614 at June 30, 2023. This decrease is attributed to payments made for severance expenses.

Over the next several years, the District's annual obligation to pay post-employment benefits will gradually decrease from its current level because the number of eligible employees reaching retirement age will also decrease. Accordingly, the District established a Retirement Incentive Pay Internal Service Fund and adopted a plan to fund its early retirement incentive (severance) as the benefits are earned in accordance with governmental accounting standards. The Retirement Incentive Pay Internal Service Fund is used to finance the early retirement incentive benefits provided by all of the departments and funds of the District on a cost-reimbursement basis.

The Post-Employment Benefits Revocable Trust Internal Service Fund was established to fund OPEB. This revocable trust fund was established to provide a source of funds to finance current and future benefit obligations to employees. On June 30, 2023, this fund had a net position of $9,163,329. The assets held in this fund are dedicated for the purpose of paying these obligations.

The most recent independent actuarial study dated March 13, 2023, computed the present value of these benefits. The long-term liability represents total OPEB pension benefit obligations, based on actuarial estimates. The District has been strategic by prefunding a portion of this post-employment benefit liability. This funding is built into the ongoing annual budget. By funding the plan now, the District will avoid the future reductions of regular programming that would have been necessary to pay for these post-employment benefits.

CAPITAL ASSETS, DEBT ADMINISTRATION, AND LONG-TERM LIABILITIES

Capital Assets

By the end of fiscal year 2023, the District had invested $665 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table 4). The major increase in capital assets can be attributed to various long-term facilities maintenance projects occurring in fiscal year 2023. (More detailed information about capital assets can be found in Note 3 of the notes to basic financial statements.) Total depreciation and amortization expense for the year was $14.9 million, as compared to a prior year depreciation and amortization expense of $13.3 million.

Table 4
Capital Assets – Governmental Activities

	2023	2022	Total Percent Change 2023–2022
Land	$ 8,973,417	$ 8,973,417	–
Land improvements	37,667,489	37,176,812	1.3%
Buildings	573,440,827	562,770,022	1.9%
Furniture and equipment	22,548,298	15,816,586	42.6%
Technology subscriptions	2,205,437	–	100.0%
Construction in progress	19,956,710	10,156,191	96.5%
Less accumulated depreciation and amortization	(237,378,642)	(226,502,377)	4.8%
Total	$ 427,413,536	$ 408,390,651	4.7%

Debt Administration

At June 30, 2023, the District had bonded debt of $153,970,000. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation equal to 15.0 percent of the actual value of all taxable property within the District. The District is within its legal authority for bonded debt.

Long-Term Liabilities

Table 5
Outstanding Long-Term Liabilities

	2023	2022	Total Percent Change
General obligation bonds and notes payable	$ 138,720,000	$ 139,030,000	(0.2%)
Certificates of participation	15,250,000	16,665,000	(8.5%)
Financed purchases	8,444,487	5,759,602	46.6%
Subscription liabilities	749,099	–	100.0%
Arbitrage liabilities	265,337	–	100.0%
Unamortized premiums (discounts) on debt issued	4,836,100	4,368,007	10.7%
Net pension liability	239,303,808	131,273,734	82.3%
Post-employment severance benefits payable	3,768,289	4,568,537	(17.5%)
Total OPEB obligation	17,922,238	18,028,628	(0.6%)
Total	$ 429,259,358	$ 319,693,508	34.3%

More detailed information about the District's long-term liabilities is presented in Note 4 of the notes to basic financial statements.

Bond Ratings
The District's general obligation bonds carry a rating of Aa1.

Limitations on Debt
The state limits the amount of general obligation debt the District can issue to 15 percent of the assessed value of all taxable property within the District's corporate limits. The District's outstanding debt is significantly below this limit, which is currently $3,648,220,796.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District intentionally focuses efforts of staff and other resources to identify available financial resources to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. For the past several years, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs, due to increased inflationary costs and required mandates. For example, according to data provided by the Minnesota Department of Education, had the general education formula increased by the rate of inflation each year since 2003, the 2023 allowance per ADM would be $8,126 rather than $6,863, a difference of $1,263 per ADM, which would amount to more than $27.7 million in 2023 for the District.

Minnesota's economic and budget outlook has stabilized and created a record surplus in the wake of the pandemic. According to the state budget and economic forecast released from the Minnesota Management and Budget (MMB) in February 2023, the state is projecting a $17.5 billion surplus. In addition, 2023 also brought one party control to the Legislature. This may allow the Democratic-Farmer-Labor (DFL) Party majority to utilize the record surplus to enact their agenda, which included a long list of unfinished business from previous sessions.

While the session ultimately will provide the District with successes with several legislative priorities we have been lobbying to enact for many years, we also encountered legislative proposals that sought to dictate how schools are managed and proposals that fell short of fully funding new employee benefits. These included matters related to collective bargaining, managerial rights, unemployment insurance for hourly school employees, paid family medical leave, earned safe and sick time, tiered licensure changes, student discipline, and new graduation requirements.

The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The District will continue to use the long-range financial model and annual budget framework to ensure that expenditures are aligned with revenues. Efforts will continue to be made to influence legislators to recommit to their financial support for public education.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

This ACFR is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Business Services Department, Independent School District No. 279, Educational Service Center, 11200 – 93rd Avenue North, Maple Grove, Minnesota 55369-6605.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	Governmental Activities	
	2023	2022
Assets		
Cash and temporary investments	$ 172,311,729	$ 166,141,237
Receivables		
Current taxes	61,397,890	50,342,062
Delinquent taxes	823,180	798,496
Accounts and interest	2,136,395	1,002,754
Due from other governmental units	30,265,689	31,314,847
Inventory	354,529	389,148
Prepaid items	346,054	192,245
Restricted assets – temporarily restricted		
Cash and investments for OPEB	24,575,841	24,801,181
Interest receivable for OPEB	193,350	160,502
Total restricted assets – temporarily restricted	24,769,191	24,961,683
Capital assets		
Not depreciated/amortized	28,930,127	19,129,608
Depreciated, net of accumulated depreciation/amortization	398,483,409	389,261,043
Total capital assets, net of accumulated depreciation/amortization	427,413,536	408,390,651
Total assets	719,818,193	683,533,123
Deferred outflows of resources		
OPEB plan deferments	6,215,999	4,847,647
Pension plan deferments – PERA and TRA	69,784,854	77,130,207
Total deferred outflows of resources	76,000,853	81,977,854
Total assets and deferred outflows of resources	$ 795,819,046	$ 765,510,977
Liabilities		
Salaries payable	$ 2,252,943	$ 4,819,778
Accounts and contracts payable	11,906,923	10,921,528
Due to other governmental units	1,513,911	1,553,756
Unearned revenue	–	534,785
Accrued interest payable	2,235,047	2,037,583
Long-term liabilities		
Due within one year	15,674,414	19,030,980
Due in more than one year	413,584,944	300,662,528
Total long-term liabilities	429,259,358	319,693,508
Total liabilities	447,168,182	339,560,938
Deferred inflows of resources		
Property taxes levied for subsequent year	121,913,098	97,169,185
OPEB plan deferments	2,915,391	2,136,859
Pension plan deferments – PERA and TRA	47,014,680	212,978,670
Total deferred inflows of resources	171,843,169	312,284,714
Net position		
Net investment in capital assets	268,802,808	251,841,254
Restricted for		
Capital asset acquisition	7,251,353	9,400,428
Debt service	1,925,452	2,435,777
Food service	4,813,959	6,567,975
Community service	6,280,514	5,172,636
Employee benefits	9,163,329	8,362,828
Other purposes (state funding restrictions)	2,744,986	1,782,951
Unrestricted	(124,174,706)	(171,898,524)
Total net position	176,807,695	113,665,325
Total liabilities, deferred inflows of resources, and net position	$ 795,819,046	$ 765,510,977

See notes to basic financial statements

Statement of Activities
Year Ended June 30, 2023
(With Partial Comparative Information for the Year Ended June 30, 2022)

	2023					2022
		Program Revenues			Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities
Governmental activities						
Administration	$ 13,705,585	$ 201,813	$ 30,054	$ –	$ (13,473,718)	$ (13,032,324)
District support services	10,612,245	16,011	184,111	–	(10,412,123)	(8,928,616)
Elementary and secondary regular instruction	115,585,085	1,479,440	46,734,648	–	(67,370,997)	(103,245,528)
Vocational education instruction	4,036,605	–	159,620	–	(3,876,985)	(4,235,320)
Special education instruction	50,189,664	4,465	40,970,553	–	(9,214,646)	(14,161,948)
Instructional support services	36,209,514	291,154	9,456,050	–	(26,462,310)	(19,000,911)
Pupil support services	32,245,839	100	4,574,281	–	(27,671,458)	(25,601,170)
Sites and buildings	22,698,059	27,561	315,403	7,807,982	(14,547,113)	(13,863,335)
Fiscal and other fixed cost programs	770,720	–	–	–	(770,720)	(665,539)
Food service	15,578,299	4,014,642	9,581,522	–	(1,982,135)	3,045,043
Community service	15,570,524	8,136,580	6,085,586	–	(1,348,358)	105,204
Unallocated depreciation and amortization expense (excludes amounts directly allocated)	11,678,097	–	–	–	(11,678,097)	(10,781,321)
Interest and fiscal charges	5,131,297	–	–	–	(5,131,297)	(4,869,711)
Total governmental activities	$ 334,011,533	$ 14,171,766	$ 118,091,828	$ 7,807,982	(193,939,957)	(215,235,476)
		General revenues				
		Taxes				
		Property taxes, levied for general purposes			83,093,050	81,661,917
		Property taxes, levied for community service			3,166,148	3,086,670
		Property taxes, levied for debt service			14,818,612	15,583,464
		General grants and aids			148,877,949	142,401,547
		Other general revenues			808,313	1,496,502
		Investment earnings (losses)			6,318,255	(4,167,512)
		Total general revenues			257,082,327	240,062,588
		Change in net position			63,142,370	24,827,112
		Net position – beginning			113,665,325	88,838,213
		Net position – ending			$ 176,807,695	$ 113,665,325

Balance Sheet
Governmental Funds
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 129,572,204	$ 15,480,774	$ 10,030,536
Receivables			
Current taxes	53,935,981	–	5,907,396
Delinquent taxes	653,372	–	144,983
Accounts and interest	1,506,580	107,950	–
Due from other governmental units	28,311,791	–	94,629
Inventory	231,312	–	–
Prepaid items	228,654	–	–
Total assets	$ 214,439,894	$ 15,588,724	$ 16,177,544
Liabilities			
Salaries payable	$ 1,611,736	$ –	$ –
Accounts and contracts payable	4,782,131	5,934,429	–
Due to other governmental units	529,679	–	–
Unearned revenue	–	–	–
Total liabilities	6,923,546	5,934,429	–
Deferred inflows of resources			
Property taxes levied for subsequent year	106,733,661	–	12,017,045
Unavailable revenue – delinquent taxes	580,818	–	132,129
Total deferred inflows of resources	107,314,479	–	12,149,174
Fund balances			
Nonspendable	459,966	–	–
Restricted	10,000,357	9,654,295	4,028,370
Assigned	500,000	–	–
Unassigned	89,241,546	–	–
Total fund balances	100,201,869	9,654,295	4,028,370
Total liabilities, deferred inflows of resources, and fund balances	$ 214,439,894	$ 15,588,724	$ 16,177,544

Nonmajor Funds	Total Governmental Funds 2023	Total Governmental Funds 2022
$ 11,465,287	$ 166,548,801	$ 158,877,379
1,554,513	61,397,890	50,342,062
24,825	823,180	798,496
298,005	1,912,535	749,343
1,859,269	30,265,689	31,314,847
123,217	354,529	389,148
–	228,654	192,245
$ 15,325,116	$ 261,531,278	$ 242,663,520
$ 641,207	$ 2,252,943	$ 4,819,778
427,044	11,143,604	10,340,786
–	529,679	272,741
–	–	534,785
1,068,251	13,926,226	15,968,090
3,162,392	121,913,098	97,169,185
22,129	735,076	907,984
3,184,521	122,648,174	98,077,169
123,217	583,183	581,393
10,949,127	34,632,149	36,362,612
–	500,000	14,669,070
–	89,241,546	77,005,186
11,072,344	124,956,878	128,618,261
$ 15,325,116	$ 261,531,278	$ 242,663,520

OSSEO AREA SCHOOLS

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds as of June 30, 2023 (With Partial Comparative Information as of June 30, 2022)

	2023	2022
Total fund balances – governmental funds	$ 124,956,878	$ 128,618,261
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	664,792,178	634,893,028
Accumulated depreciation and amortization	(237,378,642)	(226,502,377)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds and notes	(138,720,000)	(139,030,000)
Certificates of participation	(15,250,000)	(16,665,000)
Financed purchases	(8,444,487)	(5,759,602)
Subscription liabilities	(749,099)	–
Arbitrage liabilities	(265,337)	–
Premiums (discounts) on debt issued	(4,836,100)	(4,368,007)
Net pension liability – PERA	(56,525,275)	(29,393,493)
Net pension liability – TRA	(182,778,533)	(101,880,241)
Accrued interest payable is included in net position, but is excluded from fund balances until due and payable.	(2,235,047)	(2,037,583)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, liabilities, and deferred outflows/inflows of the internal service funds are included in the governmental activities in the Statement of Net Position.	10,735,909	10,730,818
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	69,784,854	77,130,207
Deferred inflows of resources – pension plans	(47,014,680)	(212,978,670)
Deferred inflows of resources – delinquent property taxes	735,076	907,984
Total net position – governmental activities	$ 176,807,695	$ 113,665,325

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023
(With Partial Comparative Information for the Year Ended June 30, 2022)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 83,224,135	$ –	$ 14,855,402
Investment earnings (losses)	3,876,850	510,189	277,729
Other	5,508,470	–	–
State sources	227,301,882	–	905,916
Federal sources	27,272,479	–	–
Total revenue	347,183,816	510,189	16,039,047
Expenditures			
Current			
Administration	13,704,305	–	–
District support services	8,205,769	–	–
Elementary and secondary regular instruction	153,758,984	–	–
Vocational education instruction	4,075,296	–	–
Special education instruction	60,742,095	–	–
Instructional support services	37,203,731	–	–
Pupil support services	32,356,873	–	–
Sites and buildings	40,561,857	–	–
Fiscal and other fixed cost programs	770,720	–	–
Food service	–	–	–
Community service	–	–	–
Capital outlay	–	12,484,078	–
Debt service			
Principal	4,848,459	–	11,815,000
Interest and fiscal charges	550,257	90,132	4,500,118
Total expenditures	356,778,346	12,574,210	16,315,118
Excess (deficiency) of revenue over expenditures	(9,594,530)	(12,064,021)	(276,071)
Other financing sources (uses)			
Transfers in	–	–	614,052
Transfers (out)	–	–	(614,052)
Bonds issued	–	11,505,000	–
Issuance of financed purchases	5,779,121	–	–
Issuance of subscription liabilities	690,119	–	–
Premium on bonds issued	–	940,104	–
Sale of capital assets	–	–	–
Total other financing sources (uses)	6,469,240	12,445,104	–
Net change in fund balances	(3,125,290)	381,083	(276,071)
Fund balances			
Beginning of year	103,327,159	9,273,212	4,304,441
End of year	$ 100,201,869	$ 9,654,295	$ 4,028,370

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2023	Total Governmental Funds 2022
$ 3,171,181	$ 101,250,718	$ 100,135,307
382,806	5,047,574	(36,679)
13,133,714	18,642,184	14,576,005
5,046,477	233,254,275	221,197,193
9,485,206	36,757,685	37,491,213
31,219,384	394,952,436	373,363,039
–	13,704,305	13,264,167
–	8,205,769	7,587,100
–	153,758,984	143,319,449
–	4,075,296	4,439,304
–	60,742,095	59,625,510
–	37,203,731	32,329,578
–	32,356,873	29,057,448
–	40,561,857	31,472,718
–	770,720	665,539
14,899,044	14,899,044	14,414,867
16,209,298	16,209,298	14,202,554
863,647	13,347,725	16,525,312
–	16,663,459	15,984,006
–	5,140,507	5,758,278
31,971,989	417,639,663	388,645,830
(752,605)	(22,687,227)	(15,282,791)
–	614,052	–
–	(614,052)	–
–	11,505,000	–
–	5,779,121	2,007,134
–	690,119	–
–	940,104	–
111,500	111,500	–
111,500	19,025,844	2,007,134
(641,105)	(3,661,383)	(13,275,657)
11,713,449	128,618,261	141,893,918
$ 11,072,344	$ 124,956,878	$ 128,618,261

OSSEO AREA SCHOOLS

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Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2023
(With Partial Comparative Information for the Year Ended June 30, 2022)

	2023	2022
Total net change in fund balances – governmental funds	$ (3,661,383)	$ (13,275,657)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation and amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	34,688,090	27,344,064
Depreciation and amortization expense	(14,881,836)	(13,260,637)
A (loss) on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(1,181,572)	(90,487)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations, including arbitrage liabilities, are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	(11,505,000)	–
Financed purchases	(5,779,121)	(2,007,134)
Subscription liabilities	(690,119)	–
Arbitrage liabilities	(265,337)	–
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	5,091	(5,222,440)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds, notes, and certificates of participation	13,230,000	13,270,000
Financed purchases	3,094,236	2,714,006
Subscription liabilities	339,223	–
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	(197,464)	411,307
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	(468,093)	477,260
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net pension liability – PERA	(27,131,782)	14,715,084
Net pension liability – TRA	(80,898,292)	71,748,297
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – pension plans	(7,345,353)	(11,930,764)
Deferred inflows of resources – pension plans	165,963,990	(60,262,531)
Deferred inflows of resources – delinquent property taxes	(172,908)	196,744
Change in net position – governmental activities	$ 63,142,370	$ 24,827,112

See notes to basic financial statements

Osseo Area Schools

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2023

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 62,015,321	$ 81,869,820	$ 83,224,135	$ 1,354,315
Investment earnings	866,000	3,540,000	3,876,850	336,850
Other	1,923,284	5,393,204	5,508,470	115,266
State sources	212,956,266	228,209,615	227,301,882	(907,733)
Federal sources	–	30,741,898	27,272,479	(3,469,419)
Total revenue	277,760,871	349,754,537	347,183,816	(2,570,721)
Expenditures				
Current				
Administration	10,507,846	13,944,910	13,704,305	(240,605)
District support services	7,329,932	9,372,236	8,205,769	(1,166,467)
Elementary and secondary regular instruction	98,634,065	156,029,280	153,758,984	(2,270,296)
Vocational education instruction	3,595,901	4,306,973	4,075,296	(231,677)
Special education instruction	43,508,689	63,170,221	60,742,095	(2,428,126)
Instructional support services	16,944,710	36,467,635	37,203,731	736,096
Pupil support services	28,797,963	33,812,801	32,356,873	(1,455,928)
Sites and buildings	18,069,203	36,372,868	40,561,857	4,188,989
Fiscal and other fixed cost programs	61,694,849	805,000	770,720	(34,280)
Debt service				
Principal	4,192,382	5,067,330	4,848,459	(218,871)
Interest and fiscal charges	542,018	550,636	550,257	(379)
Total expenditures	293,817,558	359,899,890	356,778,346	(3,121,544)
Excess (deficiency) of revenue over expenditures	(16,056,687)	(10,145,353)	(9,594,530)	550,823
Other financing sources				
Issuance of financed purchases	–	–	5,779,121	5,779,121
Issuance of subscription liabilities	–	–	690,119	690,119
Total other financing sources	–	–	6,469,240	6,469,240
Net change in fund balances	$ (16,056,687)	$ (10,145,353)	(3,125,290)	$ 7,020,063
Fund balances				
Beginning of year			103,327,159	
End of year			$ 100,201,869	

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Net Position
Governmental Activities
Internal Service Funds
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	2023	2022
Assets		
Current assets		
Cash and temporary investments	$ 5,762,928	$ 7,263,858
Cash and investments held by trustee	24,575,841	24,801,181
Accounts and interest receivable	417,210	413,913
Prepaid items	117,400	–
Total assets	30,873,379	32,478,952
Deferred outflows of resources		
OPEB plan deferments	6,215,999	4,847,647
Liabilities		
Current liabilities		
Accounts and contracts payable	763,319	580,742
Due to other governmental units	984,232	1,281,015
Post-employment severance benefits payable	670,960	1,020,594
OPEB obligation	1,958,036	2,023,969
Long-term liabilities		
Post-employment severance benefits payable	3,097,329	3,547,943
OPEB obligation	15,964,202	16,004,659
Total liabilities	23,438,078	24,458,922
Deferred inflows of resources		
OPEB plan deferments	2,915,391	2,136,859
Net position		
Restricted for employee benefits	9,163,329	8,362,828
Unrestricted	1,572,580	2,367,990
Total net position	$ 10,735,909	$ 10,730,818

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Revenue, Expenses, and Changes in Net Position
Governmental Activities
Internal Service Funds
Year Ended June 30, 2023
(With Comparative Information for the Year Ended June 30, 2022)

	2023	2022
Operating revenue		
Charges for services		
Contributions from governmental funds	$ 8,716,219	$ 8,238,673
Operating expenses		
Dental benefit claims	2,167,999	2,069,990
Medical benefit claims	5,905,759	5,338,490
Administrative costs	1,264,149	1,094,548
Post-employment severance benefits	355,880	242,212
OPEB	288,022	585,040
Total operating expenses	9,981,809	9,330,280
Operating (loss)	(1,265,590)	(1,091,607)
Nonoperating revenue		
Investment earnings (losses)	1,270,681	(4,130,833)
Income (loss) before transfers	5,091	(5,222,440)
Transfers in	–	500,000
Transfers out	–	(500,000)
Change in net position	5,091	(5,222,440)
Net position		
Beginning of year	10,730,818	15,953,258
End of year	$ 10,735,909	$ 10,730,818

See notes to basic financial statements

Osseo Area Schools

ISD 279

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INDEPENDENT SCHOOL DISTRICT NO. 279

Statement of Cash Flows
Governmental Activities
Internal Service Funds
Year Ended June 30, 2023
(With Partial Comparative Information for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities		
Contributions from governmental funds	$ 8,745,770	$ 8,035,986
Payments for dental claims	(2,185,422)	(2,057,683)
Payments for medical claims	(5,823,159)	(5,488,490)
Payments for administrative costs	(1,264,149)	(1,094,548)
Post-employment severance and OPEB benefit payments	(2,437,143)	(2,090,451)
Net cash flows from operating activities	(2,964,103)	(2,695,186)
Cash flows from noncapital financing activities		
Transfers from other funds	–	500,000
Transfers to other funds	–	(500,000)
Net cash flows from noncapital financing activities	–	–
Cash flows from investing activities		
Investment income (losses) received	1,237,833	(4,037,020)
Net change in cash and cash equivalents	(1,726,270)	(6,732,206)
Cash and cash equivalents		
Beginning of year	32,065,039	38,797,245
End of year	$ 30,338,769	$ 32,065,039
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating (loss)	$ (1,265,590)	$ (1,091,607)
Adjustments to reconcile operating income (loss) to cash flows from operating activities		
Changes in assets and liabilities		
Accounts receivable	29,551	(202,687)
Prepaid items	(117,400)	–
Deferred outflows of resources	(1,368,352)	224,214
Accounts and contracts payable	182,577	(137,693)
Due to other governmental units	(296,783)	566,221
Post-employment severance benefits payable	(800,248)	(1,133,444)
Total OPEB obligation	(106,390)	(447,707)
Deferred inflows of resources	778,532	(472,483)
Net cash flows from operating activities	$ (2,964,103)	$ (2,695,186)

Cash and cash equivalents are reported on the Statement of Net Position as follows:

	2023	2022
Cash and temporary investments	$ 5,762,928	$ 7,263,858
Cash and investments held by trustee	24,575,841	24,801,181
Total cash and cash equivalents	$ 30,338,769	$ 32,065,039

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Statement of Fiduciary Net Position
as of June 30, 2023

Assets	
Cash and temporary investments	$ 1,916,069
Receivables	
Accounts and interest	18,234
Total assets	1,934,303
Liabilities	
Salaries payable	734
Accounts and contracts payable	10,828
Total liabilities	11,562
Net position	
Restricted for Local Collaborative Time Study	1,268,150
Restricted for Northwest Family Service Center	654,591
Total net position	$ 1,922,741

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

Additions	
Investment earnings	$ 44,335
Rents	446,095
Grants	414,928
Total additions	905,358
Deductions	
Elementary and secondary regular instruction	
Salaries	91,300
Employee benefits	25,337
Purchased services	224,901
Supplies and materials	2,906
Total elementary and secondary regular instruction	344,444
Sites and buildings	
Purchased services	339,158
Supplies and materials	2,075
Total sites and buildings	341,233
Total deductions	685,677
Net change in fiduciary net position	219,681
Net position	
Beginning of year	1,703,060
End of year	$ 1,922,741

OSSEO AREA SCHOOLS

ISD 279

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 279 – Osseo Area Schools (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

C. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position at the fund financial statement level. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. For capital assets that can be specifically identified with, or allocated to functional areas, depreciation and amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation and amortization expense is reported as "unallocated depreciation and amortization expense." Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type, including the District's custodial funds. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

The internal service funds are presented in the proprietary fund financial statements. Because the principal user of the internal services are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District generally considers revenues, including property taxes, to be available if they are collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to Minnesota Statutes (which include state aid funding formulas for specific years) and accounting principles generally accepted in the United States of America. Federal revenue is recorded in the year in which the related expenditure is made. Proceeds of long-term debt and acquisitions under leases, financed purchases, and subscription liabilities are reported as other financing sources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt, post-employment severance benefits, other post-employment health benefits, compensated absences, and net pension liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds within the applicable functional areas.

Internal service and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

Description of Funds

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

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The District's General Fund maintains two accounts:

1. **Operating Account** – The Operating Account is used to account for the general operations of the District, including pupil transportation activities.

2. **Capital Expenditure Account** – The Capital Expenditure Account is used to account for the maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by debt issue or levy issuance program.

Debt Service Fund – Debt service funds are used to account for the accumulation of resources for, and payment of, general obligation bonds, interest, and related costs. The General Obligation Bonds Debt Service Account is used for the debt service on all general obligation bonds except for the 2018D Taxable Other Post-Employment Benefits (OPEB) Refunding Bond issue for which a separate OPEB Bonds Debt Service Account is established. This bond was fully paid in fiscal 2022. As a result, the OPEB Bonds Debt Service Account was closed in fiscal 2023.

Nonmajor Governmental Funds

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

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, pre-K–8 extended day programs, or other similar services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Internal Service Funds – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The District has four internal service funds. The District's internal service funds include financing for self-insurance of the employee health and dental insurance programs, retirement incentive pay, and post-employment benefits revocable trust activity.

Fiduciary Funds

Custodial Funds – The custodial funds were established to account for cash and other assets held by the District as the agent for others. These funds are used to account for a Local Collaborative Time Study and the Northwest Family Service Center.

E. Budgeting

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund account level. The School Board adopts an annual budget for the following fiscal year for the General Fund (including separate budgets for the Operating and Capital Expenditure Accounts), Food Service Special Revenue Fund, Community Service Special Revenue Fund, General Obligation Bonds Debt Service Account, and OPEB Bonds Debt Service Account. An annual budget is not adopted for the Capital Projects – Building Construction Fund because project-length financial plans are adopted in accordance with bond issue authorization. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts in the General Fund – Capital Expenditure Account by $2,938,346, Food Service Special Revenue Fund by $1,293,801, and Community Service Special Revenue Fund by $64,779. The excess expenditures were approved by the School Board as required by Minnesota Statutes, and were financed with revenues in excess of budget, other financing sources, or available fund balances.

F. Cash and Investments

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

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the internal service funds, trust accounts are established to finance future OPEB obligations. Interest earned on these investments were allocated directly to those accounts.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

G. Receivables

All receivables are shown, net of any allowance for uncollectibles. No allowances for uncollectibles have been recorded. The receivables not expected to be fully collected within one year are property taxes receivable.

Amounts reported in due from other governmental units include amounts due from other Minnesota school districts of $237,264, due from the State of Minnesota $20,709,650, due from the federal government $7,301,595, and due from other governments totaling $2,017,180.

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Minnesota Legislature based on education funding priorities.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift," which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $2,984,792 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2023. The remaining portion of the taxes collectible in 2023 is recorded as a deferred inflow of resources (property taxes levied for subsequent year).

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

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. Leases and technology subscription capital assets are recorded based on the measurement of payments applicable to the lease or subscription term. The District maintains a threshold level of $5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for furniture and equipment. Leased assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described, if future ownership is anticipated. Technology subscriptions are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying information technology (IT) assets.

Capital assets not being depreciated include land and construction in progress.

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

L. Accounts and Contracts Payable

At year end, accounts and contracts payable are $11,299,787 and $607,136, respectively, within the Statement of Net Position.

M. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. 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.

N. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain technology subscriptions for education solutions and other purposes. Capital assets associated with SBITAs are presented separately from other capital assets in Note 3. SBITAs reported in Note 4 include the terms and related disclosures associated with any subscription liabilities.

O. Vacation Pay

Since teachers are not eligible for vacation pay and amounts accrued to other employees are insignificant, no vacation liabilities are recorded in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Sick Pay

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of post-employment severance and health benefits for some employees upon termination.

Q. Post-Employment Severance Benefits

The District provides post-employment severance benefits to certain eligible employees. The District finances these obligations with an Internal Service Fund.

The District maintains various early retirement incentive payment plans for its employee groups. The amount of the early retirement incentive payment is calculated using balances in accrued sick leave and also based on years of service. No employee can receive a payment exceeding one year’s salary. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

The District has established a separate Retirement Incentive Pay Internal Service Fund to account for the post-employment severance benefits. The benefits are funded as the liability is incurred on an actuarially determined basis. In addition to the funding of accumulated benefits already earned, the District’s funding policy requires an annual contribution of an amount equal to the current year service cost adjusted for any amortization. The District has approximately 79 active participants being funded by the Retirement Incentive Pay Internal Service Fund.

R. State-Wide Pension Plans

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

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and 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 Teachers Retirement Fund Association in 2015.

S. Risk Management

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

Self-Insurance – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District makes premium payments to these funds on behalf of program participants based on rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss insurance premium costs and administrative service charges.

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

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2022	$ 168,435	$ 2,069,990	$ 2,057,652	$ 180,773
2023	$ 180,773	$ 2,167,968	$ 2,185,422	$ 163,319

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

Year Ended June 30,	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
2022	$ 550,000	$ 5,338,490	$ 5,488,490	$ 400,000
2023	$ 400,000	$ 6,023,159	$ 5,823,159	$ 600,000

T. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred outflows or inflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or inflow of financial resource (revenue) until then.

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

Property taxes levied for subsequent years, which 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.

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.

U. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent. The cash and investments held by trustee in the Post-Employment Benefits Revocable Trust Internal Service Fund are also considered a cash equivalent.

V. Restricted Assets

Restricted assets are cash and cash equivalents and the related interest receivable whose use is limited by legal requirements, such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the fund financial statements these assets have been reported as "cash and investments held by trustee" and the interest receivable is included within "accounts and interest receivable."

W. Net Position

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

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

When nonspendable, restricted, assigned, or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) nonspendable, 2) restricted, 3) assigned, and 4) unassigned.

Y. Minimum Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding maintaining a minimum fund balance for the General Fund. The policy states that the District will endeavor to maintain an unassigned fund balance that will not fall below 5.0 percent of the District's General Fund operating expenditure budget, excluding operating capital programs. At June 30, 2023, the unassigned fund balance (excluding restricted account deficits) of the General Fund – Operating Account was 27.9 percent of the fiscal 2023 General Fund – Operating Account expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Z. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

AA. Use of Estimates

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

BB. Change in Accounting Principle

During the year ended June 30, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This statement provides guidance on the accounting and financial reporting for SBITAs for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. Certain amounts necessary to fully restate fiscal year 2022 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this new GASB statement in the current year resulted in the District reporting new capital assets and long-term liabilities for SBITAs. Beginning net position was unchanged from the implementation of this standard in the current year. See Notes 3 and 4 for additional details on this change in the current year.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	$ 56,157,862
Investments	142,643,502
Cash on hand	2,275
Total	$ 198,803,639

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Statement of Net Position		
Cash and temporary investments	$	172,311,729
Statement of Net Position – restricted assets – temporarily restricted		
Cash and investments for OPEB		24,575,841
Statement of Fiduciary Net Position – Custodial Funds		
Cash and temporary investments		1,916,069
Total	$	198,803,639

B. Deposits

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

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

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

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

The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District's deposits was $56,157,862, while the balance on the bank records was $56,157,862. At June 30, 2023, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk Rating	Credit Risk Agency	Fair Value Measurements Using	Interest Risk – Maturity Duration in Years: Less Than 1	1 to 5	5 to 10	More Than 10	Total
U.S. treasury securities	AA	S&P	Level 1	$ 2,995,029	$ 58,571	$ –	$ –	$ 3,053,600
U.S. government agencies	AA	S&P	Level 2	$ –	$ 1,444,632	$ 81,510	$ 291,333	1,817,475
Municipal bonds	AAA	S&P	Level 2	$ –	$ 336,972	$ 840,038	$ 492,854	1,669,864
Municipal bonds	Aaa	Moody’s	Level 2	$ –	$ –	$ –	$ 168,367	168,367
Municipal bonds	AA	S&P	Level 2	$ –	$ 475,426	$ 982,134	$ 612,916	2,070,476
Municipal bonds	Aa	Moody’s	Level 2	$ –	$ –	$ 273,030	$ 636,668	909,698
Corporate obligations	AAA	S&P	Level 1	$ –	$ –	$ –	$ 219,265	219,265
Corporate obligations	AA	S&P	Level 1	$ –	$ 190,916	$ 164,651	$ 1,038,812	1,394,379
Corporate obligations	Aa	Moody’s	Level 1	$ –	$ –	$ 82,839	$ 769,429	852,268
Corporate obligations	A	S&P	Level 1	$ 1,070,943	$ 250,841	$ 1,783,706	$ 1,999,889	5,105,379
Corporate obligations	A	Moody’s	Level 1	$ –	$ –	$ 279,217	$ –	279,217
Corporate obligations	Baa	Moody’s	Level 1	$ –	$ 961,957	$ 412,198	$ 747,461	2,121,616
Exchange-traded fund	N/A	N/A	Level 1	N/A	N/A	N/A	N/A	825,169
Equities	N/A	N/A	Level 1	N/A	N/A	N/A	N/A	6,858,881
Negotiable certificates of deposit	N/A	N/A	Level 2	$ 492,885	$ –	$ –	$ –	492,885
Investment pools/mutual funds								
Minnesota School District Liquid Asset Fund (MSDLAF)	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	9,460,535
First American Government Obligation Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	1,488,165
Goldman Sachs Financial Square Prime Obligations Fund	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	225,214
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	N/A	N/A	74,631,049
MNTrust Investment Term Series	AAA	Fitch	Amortized Cost	N/A	N/A	N/A	N/A	29,000,000
Total investments								$ 142,643,502

N/A – Not Applicable

The amount in investment pools/mutual funds includes amounts invested in the MNTrust Investment Shares Portfolio, Minnesota School District Liquid Asset Fund (MSDLAF), and MSDLAF Investment Term Series, which are external investment pools regulated by Minnesota Statutes not registered with the Securities and Exchange Commission. The District’s investment in these funds is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

For MNTrust accounts and MSDLAF investments, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MSDLAF Liquid Class. Within MSDLAF, the redemption notice period is 14 days for the MAX Class and early redemption will likely cause a penalty. MNTrust Term Series Portfolios are intended to be held until maturity; a participant’s withdrawal prior to maturity will require seven-days’ notice of redemption and will likely carry a penalty, which could be substantial in that it would be intended to allow the Term Series Portfolio to recoup any associated penalties, charges, losses or other costs associated with the early redemption of the investments therein.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

The District has an internal investment policy that limits investment choices and addresses these potential risks beyond the statutory limitations described above. The District's policy requires that investments be diversified to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. No more than 66 percent of the total portfolio can be placed with any one depository. The maximum percentage in which the portfolio can be invested in specific instruments is as follows:

U.S. treasury obligations	100%
U.S. government agency securities and instrumentalities of government sponsored corporations	75%
Repurchase agreements	25%
Certificates of deposit – FDIC-covered	100%
Certificates of deposit – savings and loans	75%
Local government investment pool	75%
Money market funds	75%

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

For assets held in the Post-Employment Benefits Revocable Trust Internal Service Fund, the investment options available to the District are expanded to include the investment types specified in Minnesota Statutes § 356A.06, Subd. 7. Minnesota Statutes authorize the 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, and commercial paper of the highest quality with a maturity no longer than 270 days and in the Minnesota State Board of Investments.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policy addresses concentration risk as discussed in the credit risk paragraph on the previous page.

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

NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation and amortization activity for the current year is as follows:

	Balance – Beginning of Year, as Previously Reported	Change in Accounting Principle	Balance – Beginning of Year, as Restated	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized							
Land	$ 8,973,417	$ –	$ 8,973,417	$ –	$ –	$ –	$ 8,973,417
Construction in progress	10,156,191	–	10,156,191	18,431,915	–	(8,631,396)	19,956,710
Total capital assets, not depreciated/amortized	19,129,608	–	19,129,608	18,431,915	–	(8,631,396)	28,930,127
Capital assets, depreciated and amortized							
Land improvements	37,176,812	–	37,176,812	1,517,892	(3,104,175)	2,076,960	37,667,489
Buildings	562,770,022	–	562,770,022	5,258,507	(1,071,835)	6,484,133	573,440,827
Furniture and equipment	15,816,586	–	15,816,586	7,672,542	(1,011,133)	70,303	22,548,298
Technology subscriptions	–	398,203	398,203	1,807,234	–	–	2,205,437
Total capital assets, depreciated and amortized	615,763,420	398,203	616,161,623	16,256,175	(5,187,143)	8,631,396	635,862,051
Less accumulated depreciation and amortization for							
Land improvements	(18,182,580)	–	(18,182,580)	(1,560,295)	2,620,497	–	(17,122,378)
Buildings	(199,363,392)	–	(199,363,392)	(11,313,442)	511,487	–	(210,165,347)
Furniture and equipment	(8,956,405)	–	(8,956,405)	(1,358,180)	873,587	–	(9,440,998)
Technology subscriptions	–	–	–	(649,919)	–	–	(649,919)
Total accumulated depreciation and amortization	(226,502,377)	–	(226,502,377)	(14,881,836)	4,005,571	–	(237,378,642)
Net capital assets, depreciated and amortized	389,261,043	398,203	389,659,246	1,374,339	(1,181,572)	8,631,396	398,483,409
Total capital assets, net	$ 408,390,651	$ 398,203	$ 408,788,854	$ 19,806,254	$ (1,181,572)	$ –	$ 427,413,536

The change in accounting principle in the table above relates to the implementation of a new GASB standard in the current year as described in Note 1 of the notes to basic financial statements.

NOTE 3 – CAPITAL ASSETS (CONTINUED)

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

Administration	$ 1,280
District support services	2,237,324
Elementary and secondary regular instruction	200,569
Vocational education instruction	13,417
Special education instruction	51,302
Community service	46,341
Instructional support services	399,117
Pupil support services	10,919
Food service	243,470
Unallocated depreciation and amortization expense	11,678,097
Total depreciation and amortization expense	$ 14,881,836

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds and Notes

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

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
General obligation bonds and notes, including refunding bonds					
2014A Capital Facilities Bonds	11/18/2014	2.00%–3.00%	$ 5,770,000	02/01/2029	$ 2,605,000
2015A Alternative Facilities Bonds	05/06/2015	2.00%–3.00%	$ 9,355,000	02/01/2025	8,530,000
2015B Capital Notes	05/06/2015	2.00%–3.00%	$ 1,475,000	02/01/2025	315,000
2016A Facilities Maintenance Bonds	11/16/2016	2.75%–4.00%	$ 50,745,000	02/01/2032	50,365,000
2018B Facilities Maintenance Bonds	11/15/2018	3.75%–5.00%	$ 43,340,000	02/01/2037	43,340,000
2020A G.O. Facilities Maintenance and Refunding Bonds	11/12/2020	1.50%–2.00%	$ 36,465,000	02/01/2038	22,060,000
2022A G.O Facilities Maintenance Bonds	09/22/2022	3.25%–5.00%	$ 11,505,000	02/01/2034	11,505,000
Total general obligation bonds and notes					$ 138,720,000

B. Certificates of Participation

The District currently has the following certificates of participation outstanding:

Issue	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
2014B Certificates of Participation	11/18/2014	2.00%–4.00%	$ 14,085,000	02/01/2030	$ 7,560,000
2021A Certificates of Participation	02/18/2021	1.00%–3.00%	$ 8,715,000	04/01/2036	7,690,000
Total Certificates of Participation					$ 15,250,000

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Financed Purchases Payable

The District currently has the following financed purchases payable outstanding:

Description	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding
Various equipment	05/26/2021	1.33%	$ 4,333,960	07/14/2023	$ 1,447,770
Vehicles and equipment	07/15/2020	1.65%	$ 666,050	07/15/2023	222,250
Various equipment	03/30/2022	1.77%	$ 2,007,134	07/15/2024	1,333,164
Lighting equipment	12/01/2022	4.83%	$ 2,757,591	12/20/2031	2,419,773
Technology equipment	03/30/2023	4.93%	$ 3,021,530	07/15/2025	3,021,530
Total financed purchases payable					$ 8,444,487

D. Subscription Liabilities

The District currently has the following subscription liabilities outstanding:

Description	Interest Rate	Issue Date	Original Issue	Final Maturity	Principal Outstanding
Software	3.05 %	07/01/2022	$ 327,711	06/30/2025	$ 217,149
Software	3.05 %	06/24/2018	$ 398,203	07/01/2023	198,569
Software	3.05 %	06/01/2023	$ 362,408	06/30/2024	333,381
					$ 749,099

E. Description of Long-Term Liabilities

General Obligation Bonds and Notes – These obligations were issued to finance acquisition and/or construction of capital facilities, or to refinance (refund) previous bond issues. Assets of the debt service funds, together with scheduled deferred ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

Certificates of Participation – In November 2014 and February 2021, the District sold $14,085,000 and $8,715,000, respectively, of certificates of participation to finance construction at various District sites. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

Financed Purchases Payable – The District entered into financed purchase agreements to finance equipment purchases, which call for monthly principal and interest payments. These debt agreements are paid by the General Fund. Amortization of the equipment required to be capitalized is included in depreciation and amortization expense.

Failure by the District to pay any payments under these agreements, or upon the occurrence of an continuation of an event of default, the lender, without any further demand or notice, may take one or any combination of the following steps: 1) with or without terminating the agreement, may declare all payments due, or become due, during the fiscal year in effect when the default occurs; 2) may repossess the assets by giving the District written notice to surrender the assets and; 3) will thereafter use its best efforts to sell or lease its interest in the assets, or any portion thereof, in a commercially reasonable manner, in accordance with applicable state laws. The lender may also pursue any other remedy available to require the District to perform any of its obligations in these agreements.

Subscription Liabilities – The District entered into agreements to finance the use of software, which calls for monthly principal and interest payments through June 2025. The subscription liabilities are paid by the General Fund. The total amount of the underlying technology subscriptions capital assets and the related accumulated amortization is presented in Note 3 to the basic financial statements.

Post-Employment Severance Benefits Payable – Post-employment severance benefits payable consist of early retirement incentive pay (based on convertible sick leave) payable to employees upon retirement. Post-employment severance benefits are paid by the Retirement Incentive Pay Internal Service Fund.

Net Pension Liability and Total OPEB Obligation – The details of these liabilities are discussed elsewhere in these notes. Such benefits are financed by the governmental funds and the Post-Employment Benefits Revocable Trust Fund, respectively.

District employees participate in two defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA. The following is a summary of the net pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2023:

Pension Plans	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 56,525,275	$ 19,495,370	$ 2,243,827	$ 6,955,548
State-wide, multiple-employer – TRA	182,778,533	50,289,484	44,770,853	(37,619,854)
Total	$ 239,303,808	$ 69,784,854	$ 47,014,680	$ (30,664,306)

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

F. Minimum Debt Payments

Minimum annual principal and interest payments required to retire general obligation bonds and notes, certificates of participation, financed purchases, and subscription liabilities:

Year Ending	General Obligation Bonds and Notes		Certificates of Participation		Financed Purchases		Subscription Liabilities	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 7,360,000	$ 4,740,870	$ 1,470,000	$ 437,338	$ 3,579,529	$ 206,056	$ 635,889	$ 22,848
2025	6,490,000	4,341,512	1,520,000	383,638	1,877,018	216,342	113,210	3,453
2026	8,485,000	4,113,612	1,575,000	328,088	1,263,743	145,285	–	–
2027	9,380,000	3,734,812	1,635,000	270,488	254,593	83,225	–	–
2028	10,495,000	3,393,312	1,695,000	210,637	266,882	70,936	–	–
2029–2033	52,795,000	12,099,889	5,425,000	365,315	1,202,722	148,554	–	–
2034–2038	43,715,000	3,604,169	1,930,000	55,565	–	–	–	–
	$ 138,720,000	$ 36,028,176	$ 15,250,000	$ 2,051,067	$ 8,444,487	$ 870,398	$ 749,099	$ 26,301

G. Changes in Long-Term Liabilities

	Beginning Balance, as Previously Reported	Change in Accounting Principle	Beginning Balance, as Restated	Additions	Retirements	Ending Balance	Due Within One Year
Long-term liabilities							
General obligation bonds and notes	$ 139,030,000	$ –	$ 139,030,000	$ 11,505,000	$ 11,815,000	$ 138,720,000	$ 7,360,000
Certificates of participation	16,665,000	–	16,665,000	–	1,415,000	15,250,000	1,470,000
Financed purchases	5,759,602	–	5,759,602	5,779,121	3,094,236	8,444,487	3,579,529
Subscription liabilities	–	398,203	398,203	690,119	339,223	749,099	635,889
Arbitrage liabilities	–	–	–	265,337	–	265,337	–
Unamortized premiums (discounts) on debt issued	4,368,007	–	4,368,007	940,104	472,011	4,836,100	–
Net pension liability	131,273,734	–	131,273,734	125,797,023	17,766,949	239,303,808	–
Post-employment severance benefits payable	4,568,537	–	4,568,537	6,245	806,493	3,768,289	670,960
Total OPEB obligation	18,028,628	–	18,028,628	288,022	394,412	17,922,238	1,958,036
	$ 319,693,508	$ 398,203	$ 320,091,711	$ 145,270,971	$ 36,103,324	$ 429,259,358	$ 15,674,414

The change in accounting principle in the table above relates to the implementation of a new GASB standard in the current year as described in Note 1 of the notes to basic financial statements.

NOTE 5 – FUND BALANCES

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

Classifications

At June 30, 2023, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ 231,312	$ –	$ –	$ 123,217	$ 354,529
Prepaid items	228,654	–	–	–	228,654
Total nonspendable	459,966	–	–	123,217	583,183
Restricted					
Operating capital	7,251,353	–	–	–	7,251,353
Student activities	279,846	–	–	–	279,846
Gifted and talented	238,810	–	–	–	238,810
Achievement and integration	23,956	–	–	–	23,956
Medical Assistance	1,698,272	–	–	–	1,698,272
Certificates of participation	–	1,372,477	–	–	1,372,477
Long-term facilities maintenance	508,120	8,281,818	–	–	8,789,938
Food service	–	–	–	4,690,742	4,690,742
Community education	–	–	–	4,315,072	4,315,072
Early childhood family education programs	–	–	–	1,466,041	1,466,041
School readiness	–	–	–	472,651	472,651
Adult basic education	–	–	–	4,621	4,621
General debt service	–	–	4,028,370	–	4,028,370
Total restricted	10,000,357	9,654,295	4,028,370	10,949,127	34,632,149
Assigned					
Strategic priorities	500,000	–	–	–	500,000
Unassigned					
Safe schools levy restricted account deficit	(4,018)	–	–	–	(4,018)
Unassigned	89,245,564	–	–	–	89,245,564
Total unassigned	89,241,546	–	–	–	89,241,546
Total	$ 100,201,869	$ 9,654,295	$ 4,028,370	$ 11,072,344	$ 124,956,878

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN

A. Plan Description

The District provides post-employment healthcare benefits to certain eligible employees. The District provides these benefits in a single-employer defined benefit healthcare plan administered by the District. The plan does not issue a publicly available financial report. All of the post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. These benefits are summarized as follows:

Others' Post-Employment Medical Plan – All retirees of the District have the option to continue their medical coverage into retirement. Retirees must pay the full district premium rate for their coverage and dependent coverage. Coverage in the District's plan ends at age 65.

Teachers' Post-Employment Medical Plan – Teachers with 15 continuous years of service are eligible to receive a contribution towards the teacher's health insurance after retirement from age 55 to 65. The amount will be determined by multiplying the teacher's daily rate of pay at the time of retirement times the number of the teacher's accumulated sick leave days in excess of 123 days as of the date of retirement. However, the total amount will not exceed $37,800. The monthly district contribution toward the premium will be determined using the cumulative total amount earned divided by the number of months until the teacher qualifies for Medicare. The benefit amount will not exceed 100 percent of the premium of the insurance plan selected by the teacher. If the teacher's full-time equivalent (FTE) status is not full-time at the time of retirement, the benefit will be prorated according to the teacher's current FTE.

Administrators' Post-Employment Medical Plan – The District pays for full medical plan coverage after retirement for certain administrators and their spouses and dependents up to age 65.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District's contributions in the current year totaled $984,232 as required on a pay-as-you-go basis to finance the current year benefits as described in the previous section.

C. Membership

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

Retirees and beneficiaries receiving benefits	175
Active plan members	2,754
Total members	2,929

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

D. Total OPEB Liability of the District

The District's total OPEB liability of $17,922,238 at year-end was measured as of June 30, 2022, and was determined by an actuarial valuation date of June 30, 2022.

E. Actuarial Assumptions

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

Discount rate	3.69%
20-year municipal bond yield	3.69%
Inflation rate	2.50%
Healthcare cost trend rate	6.80% grading to 3.90% over 53 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information, as well as for consistency with the other economic assumptions.

F. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	$ 18,028,628
Changes for the year	
Service cost	1,086,412
Interest	346,818
Differences between expected and actual experience	2,139,477
Changes of assumptions	(1,575,858)
Benefit payments	(2,103,239)
Total net changes	(106,390)
Ending balance	$ 17,922,238

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

Assumption changes and changes in benefit terms since the prior measurement date include the following:

Changes in Benefit Terms

- Retiree premiums were updated to current levels.

Changes in Assumptions

- Discount rate was changed from 1.92 percent to 3.69 percent.
- Healthcare trend rates were reset.
- Medical per capita claims costs were updated.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated to rates used in the July 1, 2022 TRA and PERA valuations.
- The percent of future retirees eligible for an explicit subsidy assumed to elect coverage at retirement changed from 90.00 percent to 80.00 percent.
- Inflation assumption was changed from 2.25 percent to 2.50 percent.

G. Total OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	2.69%	3.69%	4.69%
Total OPEB liability	$ 18,781,394	$ 17,922,238	$ 17,077,054

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

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost trend rate	5.80% decreasing to 2.90% over 53 years	6.80% decreasing to 3.90% over 53 years	7.80% decreasing to 4.90% over 53 years
Total OPEB liability	$ 16,701,817	$ 17,922,238	$ 19,314,191

NOTE 6 – POST-EMPLOYMENT HEALTHCARE BENEFIT PLAN (CONTINUED)

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

For the current year ended, the District recognized OPEB expense of $288,022. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	$ 4,170,019	$ 480,110
Change of assumptions	1,061,748	2,435,281
District's contributions to the OPEB subsequent to the measurement date	984,232	–
Total	$ 6,215,999	$ 2,915,391

A total of $984,232 reported as deferred outflows of resources related to district contributions for OPEB subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024.

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

Year Ending June 30,	OPEB Expense Amount
2024	$ 177,015
2025	202,941
2026	439,487
2027	741,961
2028	595,494
Thereafter	159,478
	$ 2,316,376

NOTE 7 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

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

1. General Employees Retirement Fund (GERF)

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

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

2. Teachers Retirement Association (TRA)

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

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 employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through the Defined Contribution Plan administered by Minnesota State.

B. Benefits Provided

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

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

1. GERF Benefits

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

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

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

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

Tier II Benefits

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

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

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

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. Contributions

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

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.5 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2023, were $4,036,859. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

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

	Year Ended June 30,					
	2021		2022		2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.13 %	11.00 %	12.34 %	11.00 %	12.55 %
Coordinated Plan	7.50 %	8.13 %	7.50 %	8.34 %	7.50 %	8.55 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2023, were $13,706,535. The District's contributions were equal to the required contributions for each year as set by state statutes.

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

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

		in thousands
Employer contributions reported in the TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	$	482,679
Add employer contributions not related to future contribution efforts		(2,178)
Deduct the TRA's contributions not included in allocation		(572)
Total employer contributions		479,929
Total nonemployer contributions		35,590
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	$	515,519

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

D. Pension Costs

1. GERF Pension Costs

At June 30, 2023, the District reported a liability of $56,525,275 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 nonemployer 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 $1,657,094. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.7137 percent at the end of the measurement period and 0.6883 percent for the beginning of the period.

District's proportionate share of the net pension liability	$	56,525,275
State's proportionate share of the net pension liability associated with the District		1,657,099
Total	$	58,182,374

For the year ended June 30, 2023, the District recognized pension expense of $6,707,940 for its proportionate share of the GERF's pension expense. In addition, the District recognized an additional $247,608 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of $16 million to the GERF.

At June 30, 2023, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 472,141	$ 585,918
Changes in actuarial assumptions	12,351,165	236,986
Net collective difference between projected and actual investment earnings	1,814,773	–
Changes in proportion	820,432	1,420,923
District's contributions to the GERF subsequent to the measurement date	4,036,859	–
Total	$ 19,495,370	$ 2,243,827

The $4,036,859 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 ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	$ 4,578,279
2025	$ 4,798,480
2026	$ (1,273,944)
2027	$ 5,111,867

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of $182,778,533 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 2.2826 percent at the end of the measurement period and 2.3280 percent for the beginning of the period.

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

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

District's proportionate share of the net pension liability	$ 182,778,533
State's proportionate share of the net pension liability associated with the District	13,554,785
Total	$ 196,333,318

For the year ended June 30, 2023, the District recognized negative pension expense of $39,483,678. It also recognized $1,863,824 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,733,528	$ 1,643,651
Changes in actuarial assumptions	29,863,777	39,797,998
Net collective difference between projected and actual investment earnings on pension plan investments	3,945,865	–
Changes in proportion	39,779	3,329,204
District's contributions to the TRA subsequent to the measurement date	13,706,535	–
Total	$ 50,289,484	$ 44,770,853

A total of $13,706,535 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2024	$ (36,176,755)
2025	$ 3,985,237
2026	$ 781,265
2027	$ 23,424,617
2028	$ (202,268)

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

E. Long-Term Expected Return on Investment

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	25.00	0.75 %
Total	100.00 %	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	6.50%	7.00%

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50 percent. 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 6.50 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the GERF Plan. Benefit increases after retirement are assumed to be 1.25 percent for the GERF Plan.

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

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

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

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

2. TRA

Salary increases were based on a service-related table.

Mortality Assumptions Used in Valuation of Total Pension Liability	
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 and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 Scale.
Post-disability	RP-2014 Disabled Retiree Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

The following changes in actuarial assumptions occurred in 2022:

1. GERF

CHANGES IN ACTUARIAL ASSUMPTIONS

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

2. TRA

CHANGES IN ACTUARIAL ASSUMPTIONS

- None.

G. Discount Rate

1. GERF

The discount rate used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

2. TRA

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

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 and on the previous page, 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	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	5.50%	6.50%	7.50%
District's proportionate share of the GERF net pension liability	$ 89,284,634	$ 56,525,275	$ 29,657,547
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 288,140,404	$ 182,778,533	$ 96,414,650

I. Pension Plan Fiduciary Net Position

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

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

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Contingencies

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

C. Construction Contracts

At June 30, 2023, the District had commitments totaling $15,419,821 under various construction contracts for which the work was not yet completed.

D. Guaranteed Energy Savings Commitment

The District has entered into guaranteed energy savings agreements under Minnesota Statutes, Section 471.345, Subd. 13. These agreements are for the purpose of utility cost-savings measures to improve energy efficiency of district facilities. As of June 30, 2023, the District has recorded $13,962,400 of capital assets related to these energy savings contracts. The District is also required to purchase energy generated by the solar panels that are installed on various buildings of the District.

NOTE 9 – SUBSEQUENT EVENT

In July 2023, the District entered into a financed purchase agreement for copier equipment totaling $945,321. This financed purchase requires principal and interest payments annually with an interest rate of 7.93 percent and matures on July 10, 2027.

NOTE 10 – NET POSITION

The District's net investments in capital assets in the government-wide Statement of Net Position at June 30, 2023 is calculated as follows:

Capital assets	$ 427,413,536
General obligation bonds and notes	(138,720,000)
Certificates of participation	(15,250,000)
Financed purchases	(8,444,487)
Subscription liabilities	(749,099)
Arbitrage liabilities	(265,337)
Premiums (discounts) on debt issued	(4,836,100)
Unused bond proceeds	9,654,295
Total net investment in capital assets	$ 268,802,808

NOTE 11 – INTERFUND TRANSFERS

During the year ended June 30, 2023, the District transferred $614,052 from the General Obligation Bonds Debt Service Fund Account to the Other Post-Employment Benefits Bond Debt Service Fund Account.

REQUIRED SUPPLEMENTARY INFORMATION

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.7950%	$ 37,345,117	$ –	$ 37,345,117	$ 41,705,669	89.54%	78.70%
06/30/2016	06/30/2015	0.7414%	$ 38,423,195	$ –	$ 38,423,195	$ 42,823,653	89.72%	78.20%
06/30/2017	06/30/2016	0.7462%	$ 60,587,736	$ 791,251	$ 61,378,987	$ 46,140,396	131.31%	68.90%
06/30/2018	06/30/2017	0.7598%	$ 48,505,128	$ 609,916	$ 49,115,044	$ 48,899,109	99.19%	75.90%
06/30/2019	06/30/2018	0.7583%	$ 42,067,376	$ 1,379,755	$ 43,447,131	$ 50,835,205	82.75%	79.50%
06/30/2020	06/30/2019	0.7352%	$ 40,647,562	$ 1,263,278	$ 41,910,840	$ 52,027,292	78.13%	80.20%
06/30/2021	06/30/2020	0.7357%	$ 44,108,575	$ 1,360,176	$ 45,468,753	$ 52,432,906	84.12%	79.10%
06/30/2022	06/30/2021	0.6883%	$ 29,393,493	$ 897,592	$ 30,291,085	$ 49,455,038	59.43%	87.00%
06/30/2023	06/30/2022	0.7137%	$ 56,525,275	$ 1,657,099	$ 58,182,374	$ 53,450,989	105.75%	76.70%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 3,211,774	$ 3,211,774	$ –	$ 42,823,653	7.50%
06/30/2016	$ 3,460,530	$ 3,460,530	$ –	$ 46,140,396	7.50%
06/30/2017	$ 3,667,745	$ 3,667,745	$ –	$ 48,899,109	7.50%
06/30/2018	$ 3,813,782	$ 3,813,782	$ –	$ 50,835,205	7.50%
06/30/2019	$ 3,902,412	$ 3,902,412	$ –	$ 52,027,292	7.50%
06/30/2020	$ 3,932,259	$ 3,932,259	$ –	$ 52,432,906	7.50%
06/30/2021	$ 3,709,133	$ 3,709,133	$ –	$ 49,455,038	7.50%
06/30/2022	$ 4,009,173	$ 4,009,173	$ –	$ 53,450,989	7.50%
06/30/2023	$ 4,036,859	$ 4,036,859	$ –	$ 53,823,539	7.50%

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2023

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	2.4605%	$113,378,068	$ 7,976,017	$121,354,085	$112,313,831	101.00%	81.50%
06/30/2016	06/30/2015	2.2895%	$141,628,218	$ 17,371,855	$159,000,073	$116,202,693	121.88%	76.80%
06/30/2017	06/30/2016	2.2898%	$546,171,934	$ 54,820,624	$600,992,558	$119,107,808	458.55%	44.88%
06/30/2018	06/30/2017	2.3658%	$472,256,596	$ 45,651,630	$517,908,226	$127,198,277	371.28%	51.57%
06/30/2019	06/30/2018	2.3486%	$147,514,063	$ 13,859,624	$161,373,687	$129,737,193	113.70%	78.07%
06/30/2020	06/30/2019	2.3505%	$149,821,364	$ 13,258,675	$163,080,039	$133,428,902	112.29%	78.21%
06/30/2021	06/30/2020	2.3501%	$173,628,538	$ 14,550,315	$188,178,853	$136,565,103	127.14%	75.48%
06/30/2022	06/30/2021	2.3280%	$101,880,241	$ 8,592,317	$110,472,558	$139,314,570	73.13%	86.63%
06/30/2023	06/30/2022	2.2826%	$182,778,533	$ 13,554,785	$196,333,318	$141,095,721	129.54%	76.17%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2023

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 8,713,050	$ 8,713,050	$ –	$116,202,693	7.50%
06/30/2016	$ 8,933,896	$ 8,933,896	$ –	$119,107,808	7.50%
06/30/2017	$ 9,552,598	$ 9,552,598	$ –	$127,198,277	7.51%
06/30/2018	$ 9,734,349	$ 9,734,349	$ –	$129,737,193	7.50%
06/30/2019	$ 10,294,789	$ 10,294,789	$ –	$133,428,902	7.72%
06/30/2020	$ 10,815,614	$ 10,815,614	$ –	$136,565,103	7.92%
06/30/2021	$ 11,324,179	$ 11,324,179	$ –	$139,314,570	8.13%
06/30/2022	$ 11,764,475	$ 11,764,475	$ –	$141,095,721	8.34%
06/30/2023	$ 13,706,535	$ 13,706,535	$ –	$160,340,902	8.55%

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

INDEPENDENT SCHOOL DISTRICT NO. 279

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Total
OPEB Liability and Related Ratios
Year Ended June 30, 2023

	District Fiscal Year-End Date					
	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	$ 1,361,945	$ 1,207,403	$ 701,553	$ 792,980	$ 980,932	$ 1,086,412
Interest	558,450	662,144	518,383	438,714	450,174	346,818
Differences between expected and actual experience	–	(1,127,935)	–	3,745,353	(122,810)	2,139,477
Changes of assumptions	(584,138)	(2,712,171)	301,086	997,623	409,614	(1,575,858)
Changes of benefit terms	–	–	–	227,952	–	–
Benefit payments	(2,047,574)	(1,990,043)	(1,932,465)	(1,899,488)	(2,165,617)	(2,103,239)
Net change in total OPEB liability	(711,317)	(3,960,602)	(411,443)	4,303,134	(447,707)	(106,390)
Total OPEB liability – beginning of year	19,256,563	18,545,246	14,584,644	14,173,201	18,476,335	18,028,628
Total OPEB liability – end of year	$ 18,545,246	$ 14,584,644	$ 14,173,201	$ 18,476,335	$ 18,028,628	$ 17,922,238
Covered-employee payroll	$130,286,782	$158,757,096	$167,369,946	$173,754,599	$183,575,354	$199,502,673
Total OPEB liability as a percentage of covered-employee payroll	14.23%	9.19%	8.47%	10.63%	9.82%	8.98%

Note: The District implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, 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 MP-2018 to 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 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2018 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 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, 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 1.00 percent per year, with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, 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.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018, and $6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21.0 million to $31.0 million in calendar years 2019 to 2031. The state's contribution changed from $16.0 million to $6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035, and 2.50 percent per year thereafter, to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth, and 2.50 percent for inflation.

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892.0 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.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

TEACHERS RETIREMENT ASSOCIATION (TRA)

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 7.50 percent to 7.00 percent.

2018 CHANGES IN PLAN PROVISIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent 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 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

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

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

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

OTHER POST-EMPLOYMENT BENEFITS PLAN

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 1.92 percent to 3.69 percent.
- Healthcare trend rates were reset.
- Medical per capita claims costs updated.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated to the rates used in the July 1, 2022 TRA and PERA valuations.
- The percent of future retirees eligible for an explicit subsidy assumed to elect coverage at retirement changed from 90.00 percent to 80.00 percent.
- The inflation assumption was changed from 2.25 percent to 2.50 percent.

2023 CHANGES IN BENEFIT TERMS

- Retiree premiums were updated to current levels.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.13 percent to 2.45 percent based on updated 20-year municipal bond rates.
- Healthcare cost trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act’s Excise Tax on high-cost health insurance plans.
- The inflation assumption was changed from 2.50 percent to 2.25 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

2021 CHANGES IN BENEFIT TERMS

- The teacher explicit subsidy contribution was revised based on updated contract information.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.62 percent to 3.13 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.53 percent to 3.62 percent.
- The 20-year municipal bond yield changed from 3.53 percent to 3.62 percent.
- The inflation rate changed from 2.75 percent to 2.50 percent.
- The healthcare cost trend rate changed from 6.80 percent grading to 4.40 percent over 58 years, to 6.90 percent grading to 4.00 percent over 58 years.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.85 percent to 3.53 percent.

SUPPLEMENTARY INFORMATION

OSSEO AREA SCHOOLS

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2023
(With Partial Comparative Information as of June 30, 2022)

	Special Revenue Funds			
		Community	Totals	
	Food Service	Service	2023	2022
Assets				
Cash and temporary investments	$ 3,281,746	$ 8,183,541	$ 11,465,287	$ 11,014,232
Receivables				
Current taxes	–	1,554,513	1,554,513	1,540,504
Delinquent taxes	–	24,825	24,825	23,812
Accounts and interest	160,995	137,010	298,005	188,837
Due from other governmental units	1,494,726	364,543	1,859,269	3,142,704
Inventory	123,217	–	123,217	111,869
Total assets	$ 5,060,684	$ 10,264,432	$ 15,325,116	$ 16,021,958
Liabilities				
Salaries payable	$ 33,613	$ 607,594	$ 641,207	$ 436,411
Accounts and contracts payable	213,112	213,932	427,044	367,739
Unearned revenue	–	–	–	351,341
Total liabilities	246,725	821,526	1,068,251	1,155,491
Deferred inflows of resources				
Property taxes levied for subsequent year	–	3,162,392	3,162,392	3,125,856
Unavailable revenue – delinquent taxes	–	22,129	22,129	27,162
Total deferred inflows of resources	–	3,184,521	3,184,521	3,153,018
Fund balances				
Nonspendable for inventory	123,217	–	123,217	111,869
Restricted	4,690,742	6,258,385	10,949,127	11,601,580
Total fund balances	4,813,959	6,258,385	11,072,344	11,713,449
Total liabilities, deferred inflows of resources, and fund balances	$ 5,060,684	$ 10,264,432	$ 15,325,116	$ 16,021,958

INDEPENDENT SCHOOL DISTRICT NO. 279

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023
(With Partial Comparative Information for the Year Ended June 30, 2022)

	Special Revenue Funds			
		Community	Totals	
	Food Service	Service	2023	2022
Revenue				
Local sources				
Property taxes	$ –	$ 3,171,181	$ 3,171,181	$ 3,080,402
Investment earnings (losses)	162,306	220,500	382,806	(3,740)
Other	3,914,925	9,218,789	13,133,714	9,035,489
State sources	565,409	4,481,068	5,046,477	4,894,251
Federal sources	9,004,330	480,876	9,485,206	16,635,938
Total revenue	13,646,970	17,572,414	31,219,384	33,642,340
Expenditures				
Current				
Food service	14,899,044	–	14,899,044	14,414,867
Community service	–	16,209,298	16,209,298	14,202,554
Capital outlay	613,442	250,205	863,647	717,068
Total expenditures	15,512,486	16,459,503	31,971,989	29,334,489
Excess (deficiency) of revenue over expenditures	(1,865,516)	1,112,911	(752,605)	4,307,851
Other financing sources				
Sale of assets	111,500	–	111,500	–
Net change in fund balances	(1,754,016)	1,112,911	(641,105)	4,307,851
Fund balances				
Beginning of year	6,567,975	5,145,474	11,713,449	7,405,598
End of year	$ 4,813,959	$ 6,258,385	$ 11,072,344	$ 11,713,449

OSSEO AREA SCHOOLS

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDIVIDUAL FUND SCHEDULES

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	$ 3,281,746	$ 4,673,245
Receivables		
Accounts and interest	160,995	347
Due from other governmental units	1,494,726	2,369,279
Inventory	123,217	111,869
Total assets	$ 5,060,684	$ 7,154,740
Liabilities		
Salaries payable	$ 33,613	$ 27,612
Accounts and contracts payable	213,112	240,386
Unearned revenue	–	318,767
Total liabilities	246,725	586,765
Fund balances		
Nonspendable for inventory	123,217	111,869
Restricted	4,690,742	6,456,106
Total fund balances	4,813,959	6,567,975
Total liabilities and fund balances	$ 5,060,684	$ 7,154,740

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings (losses)	$ 140,000	$ 162,306	$ 22,306	$ (1,702)
Other – primarily meal sales	3,762,500	3,914,925	152,425	812,396
State sources	562,325	565,409	3,084	483,684
Federal sources	8,988,917	9,004,330	15,413	15,536,138
Total revenue	13,453,742	13,646,970	193,228	16,830,516
Expenditures				
Current				
Salaries	4,738,508	4,797,548	59,040	4,581,296
Employee benefits	1,593,586	1,527,601	(65,985)	1,440,331
Purchased services	1,058,267	1,121,206	62,939	825,362
Supplies and materials	5,786,324	7,147,902	1,361,578	7,278,931
Other expenditures	297,000	304,787	7,787	288,947
Capital outlay	745,000	613,442	(131,558)	545,824
Total expenditures	14,218,685	15,512,486	1,293,801	14,960,691
Excess (deficiency) of revenue over expenditures	(764,943)	(1,865,516)	(1,100,573)	1,869,825
Other financing sources				
Sale of assets	111,500	111,500	–	–
Net change in fund balances	$ (653,443)	(1,754,016)	$ (1,100,573)	1,869,825
Fund balances				
Beginning of year		6,567,975		4,698,150
End of year		$ 4,813,959		$ 6,567,975

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	$ 8,183,541	$ 6,340,987
Receivables		
Current taxes	1,554,513	1,540,504
Delinquent taxes	24,825	23,812
Accounts and interest	137,010	188,490
Due from other governmental units	364,543	773,425
Total assets	$ 10,264,432	$ 8,867,218
Liabilities		
Salaries payable	$ 607,594	$ 408,799
Accounts and contracts payable	213,932	127,353
Unearned revenue	–	32,574
Total liabilities	821,526	568,726
Deferred inflows of resources		
Property taxes levied for subsequent year	3,162,392	3,125,856
Unavailable revenue – delinquent taxes	22,129	27,162
Total deferred inflows of resources	3,184,521	3,153,018
Fund balances		
Restricted for community education programs	4,315,072	3,194,466
Restricted for early childhood family education programs	1,466,041	1,438,240
Restricted for school readiness	472,651	482,680
Restricted for adult basic education	4,621	30,088
Total fund balances	6,258,385	5,145,474
Total liabilities, deferred inflows of resources, and fund balances	$ 10,264,432	$ 8,867,218

INDEPENDENT SCHOOL DISTRICT NO. 279

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 3,154,623	$ 3,171,181	$ 16,558	$ 3,080,402
Investment earnings (losses)	170,000	220,500	50,500	(2,038)
Other – primarily tuition and fees	8,963,657	9,218,789	255,132	8,223,093
State sources	4,623,503	4,481,068	(142,435)	4,410,567
Federal sources	480,378	480,876	498	1,099,800
Total revenue	17,392,161	17,572,414	180,253	16,811,824
Expenditures				
Current				
Salaries	9,766,257	9,932,283	166,026	8,726,333
Employee benefits	3,219,655	3,126,603	(93,052)	2,753,622
Purchased services	2,393,479	2,385,930	(7,549)	2,068,457
Supplies and materials	756,637	719,155	(37,482)	601,318
Other expenditures	56,449	45,327	(11,122)	52,824
Capital outlay	202,247	250,205	47,958	171,244
Total expenditures	16,394,724	16,459,503	64,779	14,373,798
Net change in fund balances	$ 997,437	1,112,911	$ 115,474	2,438,026
Fund balances				
Beginning of year		5,145,474		2,707,448
End of year		$ 6,258,385		$ 5,145,474

General Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	$ 129,572,204	$ 123,397,857
Receivables		
Current taxes	53,935,981	41,457,305
Delinquent taxes	653,372	622,889
Accounts and interest	1,506,580	551,836
Due from other governmental units	28,311,791	28,037,918
Inventory	231,312	277,279
Prepaid items	228,654	192,245
Total assets	$ 214,439,894	$ 194,537,329
Liabilities		
Salaries payable	$ 1,611,736	$ 4,383,367
Accounts and contracts payable	4,782,131	6,516,442
Due to other governmental units	529,679	272,741
Unearned revenue	–	183,444
Total liabilities	6,923,546	11,355,994
Deferred inflows of resources		
Property taxes levied for subsequent year	106,733,661	79,142,273
Unavailable revenue – delinquent taxes	580,818	711,903
Total deferred inflows of resources	107,314,479	79,854,176
Fund balances (deficits)		
Nonspendable for inventory	231,312	277,279
Nonspendable for prepaid items	228,654	192,245
Restricted for operating capital	7,251,353	9,400,428
Restricted for student activities	279,846	296,863
Restricted for gifted and talented	238,810	210,054
Restricted for achievement and integration	23,956	20,103
Restricted for safe schools crime levy	–	184,517
Restricted for Medical Assistance	1,698,272	953,339
Restricted for long-term facilities maintenance	508,120	118,075
Assigned for subsequent year budget	–	14,169,070
Assigned for strategic priorities	500,000	500,000
Unassigned – safe schools levy restricted account deficit	(4,018)	–
Unassigned	89,245,564	77,005,186
Total fund balances	100,201,869	103,327,159
Total liabilities, deferred inflows of resources, and fund balances	$ 214,439,894	$ 194,537,329

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 81,869,820	$ 83,224,135	$ 1,354,315	$ 81,485,810
Investment earnings (losses)	3,540,000	3,876,850	336,850	(42,743)
Other	5,393,204	5,508,470	115,266	5,540,516
State sources	228,209,615	227,301,882	(907,733)	215,281,828
Federal sources	30,741,898	27,272,479	(3,469,419)	20,855,275
Total revenue	349,754,537	347,183,816	(2,570,721)	323,120,686
Expenditures				
Current				
Administration				
Salaries	10,184,735	10,046,681	(138,054)	9,772,678
Employee benefits	3,278,797	3,218,058	(60,739)	3,089,904
Purchased services	284,018	254,207	(29,811)	191,959
Supplies and materials	79,403	89,898	10,495	104,945
Other expenditures	117,957	95,461	(22,496)	104,681
Total administration	13,944,910	13,704,305	(240,605)	13,264,167
District support services				
Salaries	6,213,171	6,001,683	(211,488)	5,479,189
Employee benefits	2,145,760	2,086,130	(59,630)	1,913,848
Purchased services	518,735	(151,334)	(670,069)	(280,680)
Supplies and materials	1,432,009	1,281,703	(150,306)	1,266,321
Capital expenditures	29,098	10,966	(18,132)	9,084
Other expenditures	(966,537)	(1,023,379)	(56,842)	(800,662)
Total district support services	9,372,236	8,205,769	(1,166,467)	7,587,100
Elementary and secondary regular instruction				
`	104,052,164	103,386,628	(665,536)	97,815,341
Employee benefits	37,754,539	36,769,925	(984,614)	34,523,000
Purchased services	4,646,211	4,749,999	103,788	4,551,890
Supplies and materials	5,982,284	4,973,565	(1,008,719)	4,065,446
Capital expenditures	2,175,781	2,563,953	388,172	1,078,368
Other expenditures	1,418,301	1,314,914	(103,387)	1,285,404
Total elementary and secondary regular instruction	156,029,280	153,758,984	(2,270,296)	143,319,449

(continued)

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	2,562,642	2,580,957	18,315	2,777,729
Employee benefits	1,043,206	1,026,461	(16,745)	1,077,367
Purchased services	341,010	79,309	(261,701)	335,525
Supplies and materials	290,569	297,038	6,469	202,100
Capital expenditures	69,346	91,531	22,185	46,543
Other expenditures	200	–	(200)	40
Total vocational education instruction	4,306,973	4,075,296	(231,677)	4,439,304
Special education instruction				
Salaries	41,061,104	39,078,844	(1,982,260)	38,538,139
Employee benefits	14,613,126	14,377,108	(236,018)	14,270,642
Purchased services	6,450,841	6,401,511	(49,330)	5,760,908
Supplies and materials	451,482	440,591	(10,891)	495,024
Capital expenditures	82,906	98,787	15,881	222,356
Other expenditures	510,762	345,254	(165,508)	338,441
Total special education instruction	63,170,221	60,742,095	(2,428,126)	59,625,510
Instructional support services				
Salaries	22,118,040	21,398,912	(719,128)	18,967,023
Employee benefits	7,448,569	7,343,984	(104,585)	6,638,957
Purchased services	2,061,169	2,132,348	71,179	1,524,317
Supplies and materials	3,727,674	2,907,110	(820,564)	2,988,786
Capital expenditures	819,002	3,245,851	2,426,849	1,899,257
Other expenditures	293,181	175,526	(117,655)	311,238
Total instructional support services	36,467,635	37,203,731	736,096	32,329,578
Pupil support services				
Salaries	8,241,425	8,259,467	18,042	7,749,988
Employee benefits	3,171,151	3,105,129	(66,022)	2,899,413
Purchased services	21,536,828	20,227,554	(1,309,274)	17,768,818
Supplies and materials	480,913	439,354	(41,559)	391,784
Capital expenditures	380,284	324,664	(55,620)	180,066
Other expenditures	2,200	705	(1,495)	67,379
Total pupil support services	33,812,801	32,356,873	(1,455,928)	29,057,448

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	8,754,226	9,132,306	378,080	8,410,530
Employee benefits	3,604,413	3,785,490	181,077	3,745,229
Purchased services	6,129,112	7,561,021	1,431,909	6,529,513
Supplies and materials	1,531,842	1,301,692	(230,150)	1,348,546
Capital expenditures	16,060,560	18,300,701	2,240,141	11,403,831
Other expenditures	292,715	480,647	187,932	35,069
Total sites and buildings	36,372,868	40,561,857	4,188,989	31,472,718
Fiscal and other fixed cost programs				
Purchased services	800,000	770,674	(29,326)	664,891
Other expenditures	5,000	46	(4,954)	648
Total fiscal and other fixed cost programs	805,000	770,720	(34,280)	665,539
Debt service				
Principal	5,067,330	4,848,459	(218,871)	4,129,006
Interest and fiscal charges	550,636	550,257	(379)	601,663
Total debt service	5,617,966	5,398,716	(219,250)	4,730,669
Total expenditures	359,899,890	356,778,346	(3,121,544)	326,491,482
Excess (deficiency) of revenue over expenditures	(10,145,353)	(9,594,530)	550,823	(3,370,796)
Other financing sources				
Issuance of financed purchases	–	5,779,121	5,779,121	2,007,134
Issuance of subscription liabilities	–	690,119	690,119	–
Total other financing sources	–	6,469,240	6,469,240	2,007,134
Net change in fund balances	$ (10,145,353)	(3,125,290)	$ 7,020,063	(1,363,662)
Fund balances				
Beginning of year		103,327,159		104,690,821
End of year		$ 100,201,869		$ 103,327,159

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
Comparative Balance Sheet
as of June 30, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	$ 120,913,761	$ 113,451,918
Receivables		
Current taxes	53,935,981	41,457,305
Delinquent taxes	653,372	622,889
Accounts and interest	1,440,976	499,160
Due from other governmental units	28,311,791	28,037,918
Inventory	206,025	247,986
Prepaid items	228,654	192,245
Total assets	$ 205,690,560	$ 184,509,421
Liabilities		
Salaries payable	$ 1,542,872	$ 4,377,092
Accounts and contracts payable	3,955,622	6,109,452
Due to other governmental units	460,478	205,894
Unearned revenue	–	183,444
Total liabilities	5,958,972	10,875,882
Deferred inflows of resources		
Property taxes levied for subsequent year	106,733,661	79,142,273
Unavailable revenue – delinquent taxes	580,818	711,903
Total deferred inflows of resources	107,314,479	79,854,176
Fund balances (deficits)		
Nonspendable for inventory	206,025	247,986
Nonspendable for prepaid items	228,654	192,245
Restricted for student activities	279,846	296,863
Restricted for gifted and talented	238,810	210,054
Restricted for achievement and integration	23,956	20,103
Restricted for safe schools crime levy	–	184,517
Restricted for Medical Assistance	1,698,272	953,339
Assigned for subsequent year budget	–	14,169,070
Assigned for strategic priorities	500,000	500,000
Unassigned – safe schools levy restricted account deficit	(4,018)	–
Unassigned	89,245,564	77,005,186
Total fund balances	92,417,109	93,779,363
Total liabilities, deferred inflows of resources, and fund balances	$ 205,690,560	$ 184,509,421

General Fund – Operating Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 58,951,262	$ 59,971,671	$ 1,020,409	$ 61,454,434
Investment earnings (losses)	3,500,000	3,837,739	337,739	(42,469)
Other	4,838,204	5,023,834	185,630	4,305,348
State sources	220,416,363	219,532,158	(884,205)	207,533,303
Federal sources	30,741,898	27,272,479	(3,469,419)	20,855,275
Total revenue	318,447,727	315,637,881	(2,809,846)	294,105,891
Expenditures				
Current				
Administration				
Salaries	10,184,735	10,046,681	(138,054)	9,772,678
Employee benefits	3,278,797	3,218,058	(60,739)	3,089,904
Purchased services	284,018	254,207	(29,811)	191,959
Supplies and materials	79,403	89,898	10,495	104,945
Other expenditures	117,957	95,461	(22,496)	104,681
Total administration	13,944,910	13,704,305	(240,605)	13,264,167
District support services				
Salaries	6,213,171	6,001,683	(211,488)	5,479,189
Employee benefits	2,145,760	2,086,130	(59,630)	1,913,848
Purchased services	497,635	(162,638)	(660,273)	(280,680)
Supplies and materials	464,941	345,016	(119,925)	248,869
Capital expenditures	–	–	–	2,500
Other expenditures	(966,537)	(1,023,379)	(56,842)	(800,662)
Total district support services	8,354,970	7,246,812	(1,108,158)	6,563,064
Elementary and secondary regular instruction				
Salaries	104,052,164	103,386,628	(665,536)	97,815,341
Employee benefits	37,754,539	36,769,925	(984,614)	34,523,000
Purchased services	4,646,211	4,749,999	103,788	4,551,890
Supplies and materials	4,624,037	3,914,632	(709,405)	2,670,093
Capital expenditures	182,850	214,843	31,993	207,801
Other expenditures	1,418,301	1,314,914	(103,387)	1,285,404
Total elementary and secondary regular instruction	152,678,102	150,350,941	(2,327,161)	141,053,529

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	2,562,642	2,580,957	18,315	2,777,729
Employee benefits	1,043,206	1,026,461	(16,745)	1,077,367
Purchased services	341,010	79,309	(261,701)	335,525
Supplies and materials	125,995	138,881	12,886	117,671
Capital expenditures	6,920	11,690	4,770	12,500
Other expenditures	200	–	(200)	40
Total vocational education instruction	4,079,973	3,837,298	(242,675)	4,320,832
Special education instruction				
Salaries	41,061,104	39,078,844	(1,982,260)	38,538,139
Employee benefits	14,613,126	14,377,108	(236,018)	14,270,642
Purchased services	6,450,841	6,401,511	(49,330)	5,760,908
Supplies and materials	451,482	437,914	(13,568)	487,774
Capital expenditures	79,500	98,237	18,737	191,193
Other expenditures	510,762	345,254	(165,508)	338,441
Total special education instruction	63,166,815	60,738,868	(2,427,947)	59,587,097
Instructional support services				
Salaries	19,701,552	18,945,484	(756,068)	16,951,898
Employee benefits	6,485,660	6,382,263	(103,397)	5,789,897
Purchased services	2,061,169	2,111,258	50,089	1,437,299
Supplies and materials	1,112,192	918,005	(194,187)	775,117
Capital expenditures	20,092	55,424	35,332	38,673
Other expenditures	293,181	175,526	(117,655)	311,238
Total instructional support services	29,673,846	28,587,960	(1,085,886)	25,304,122
Pupil support services				
Salaries	8,241,425	8,259,467	18,042	7,749,988
Employee benefits	3,171,151	3,105,129	(66,022)	2,899,413
Purchased services	21,536,828	20,227,554	(1,309,274)	17,768,818
Supplies and materials	480,913	439,354	(41,559)	391,784
Capital expenditures	348,184	293,129	(55,055)	149,542
Other expenditures	2,200	705	(1,495)	67,379
Total pupil support services	33,780,701	32,325,338	(1,455,363)	29,026,924

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	8,754,226	8,361,484	(392,742)	7,730,383
Employee benefits	3,604,413	3,488,674	(115,739)	3,460,102
Purchased services	4,705,136	5,635,074	929,938	4,801,659
Supplies and materials	1,451,467	1,158,750	(292,717)	1,145,015
Capital expenditures	445,110	3,178,581	2,733,471	108,421
Other expenditures	600	574	(26)	1,241
Total sites and buildings	18,960,952	21,823,137	2,862,185	17,246,821
Fiscal and other fixed cost programs				
Purchased services	800,000	770,674	(29,326)	664,891
Other expenditures	5,000	46	(4,954)	648
Total fiscal and other fixed cost programs	805,000	770,720	(34,280)	665,539
Debt service				
Principal	372,347	372,347	–	–
Total expenditures	325,817,616	319,757,726	(6,059,890)	297,032,095
Excess (deficiency) of revenue over expenditures	(7,369,889)	(4,119,845)	3,250,044	(2,926,204)
Other financing sources				
Issuance of financed purchases	–	2,757,591	2,757,591	–
Net change in fund balances	$ (7,369,889)	(1,362,254)	$ 6,007,635	(2,926,204)
Fund balances				
Beginning of year		93,779,363		96,705,567
End of year		$ 92,417,109		$ 93,779,363

Osseo Area Schools

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account
Comparative Balance Sheet
as of June 30, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	$ 8,658,443	$ 9,945,939
Receivables		
Accounts and interest	65,604	52,676
Inventory	25,287	29,293
Total assets	$ 8,749,334	$ 10,027,908
Liabilities		
Salaries payable	$ 68,864	$ 6,275
Accounts and contracts payable	826,509	406,990
Due to other governmental units	69,201	66,847
Total liabilities	964,574	480,112
Fund balances		
Nonspendable for inventory	25,287	29,293
Restricted for operating capital	7,251,353	9,400,428
Restricted for long-term facilities maintenance	508,120	118,075
Total fund balances	7,784,760	9,547,796
Total liabilities and fund balances	$ 8,749,334	$ 10,027,908

General Fund – Capital Expenditure Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 22,918,558	$ 23,252,464	$ 333,906	$ 20,031,376
Investment earnings (losses)	40,000	39,111	(889)	(274)
Other	555,000	484,636	(70,364)	1,235,168
State sources	7,793,252	7,769,724	(23,528)	7,748,525
Total revenue	31,306,810	31,545,935	239,125	29,014,795
Expenditures				
Current				
District support services				
Purchased services	21,100	11,304	(9,796)	–
Supplies and materials	967,068	936,687	(30,381)	1,017,452
Capital expenditures	29,098	10,966	(18,132)	6,584
Total district support services	1,017,266	958,957	(58,309)	1,024,036
Elementary and secondary regular instruction				
Supplies and materials	1,358,247	1,058,933	(299,314)	1,395,353
Capital expenditures	1,992,931	2,349,110	356,179	870,567
Total elementary and secondary regular instruction	3,351,178	3,408,043	56,865	2,265,920
Vocational education instruction				
Supplies and materials	164,574	158,157	(6,417)	84,429
Capital expenditures	62,426	79,841	17,415	34,043
Total vocational education services	227,000	237,998	10,998	118,472
Special education instruction				
Supplies and materials	–	2,677	2,677	7,250
Capital expenditures	3,406	550	(2,856)	31,163
Total special education instruction	3,406	3,227	(179)	38,413
Instructional support services				
Salaries	2,416,488	2,453,428	36,940	2,015,125
Employee benefits	962,909	961,721	(1,188)	849,060
Purchased services	–	21,090	21,090	87,018
Supplies and materials	2,615,482	1,989,105	(626,377)	2,213,669
Capital expenditures	798,910	3,190,427	2,391,517	1,860,584
Total instructional support services	6,793,789	8,615,771	1,821,982	7,025,456

(continued)

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Capital Expenditure Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Pupil support services				
Capital expenditures	32,100	31,535	(565)	30,524
Sites and buildings				
Salaries	–	770,822	770,822	680,147
Employee benefits	–	296,816	296,816	285,127
Purchased services	1,423,976	1,925,947	501,971	1,727,854
Supplies and materials	80,375	142,942	62,567	203,531
Capital expenditures	15,615,450	15,122,120	(493,330)	11,295,410
Other expenditures	292,115	480,073	187,958	33,828
Total sites and buildings	17,411,916	18,738,720	1,326,804	14,225,897
Debt service				
Principal	4,694,983	4,476,112	(218,871)	4,129,006
Interest and fiscal charges	550,636	550,257	(379)	601,663
Total debt service	5,245,619	5,026,369	(219,250)	4,730,669
Total expenditures	34,082,274	37,020,620	2,938,346	29,459,387
Excess (deficiency) of revenue over expenditures	(2,775,464)	(5,474,685)	(2,699,221)	(444,592)
Other financing sources				
Issuance of financed purchases	–	3,021,530	3,021,530	2,007,134
Issuance of subscription liabilities	–	690,119	690,119	–
Total other financing sources	–	3,711,649	3,711,649	2,007,134
Net change in fund balances	$ (2,775,464)	(1,763,036)	$ 1,012,428	1,562,542
Fund balances				
Beginning of year		9,547,796		7,985,254
End of year		$ 7,784,760		$ 9,547,796

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	$ 15,480,774	$ 12,721,147
Receivables		
Accounts and interest	107,950	8,670
Total assets	$ 15,588,724	$ 12,729,817
Liabilities		
Accounts and contracts payable	$ 5,934,429	$ 3,456,605
Fund balances		
Restricted for building projects funded by certificates of participation	1,372,477	1,416,834
Restricted for long-term facilities maintenance	8,281,818	7,856,378
Total fund balances	9,654,295	9,273,212
Total liabilities and fund balances	$ 15,588,724	$ 12,729,817

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Projects – Building Construction Fund
Comparative Schedule of Revenue, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2023 and 2022

	2023	2022
Revenue		
Local sources		
Investment earnings	$ 510,189	$ 13,305
Expenditures		
Capital outlay		
Purchased services	11,270	256,220
Capital expenditures	12,472,808	15,552,024
Total capital outlay	12,484,078	15,808,244
Debt service		
Interest and fiscal charges	90,132	–
Total expenditures	12,574,210	15,808,244
Excess (deficiency) of revenue over expenditures	(12,064,021)	(15,794,939)
Other financing sources		
Bonds issued	11,505,000	–
Premium on bonds issued	940,104	–
Total other financing sources	12,445,104	–
Net change in fund balances	381,083	(15,794,939)
Fund balances		
Beginning of year	9,273,212	25,068,151
End of year	$ 9,654,295	$ 9,273,212

Debt Service Fund
Balance Sheet by Account
as of June 30, 2023
(With Comparative Totals as of June 30, 2022)

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Totals 2023	Totals 2022
Assets				
Cash and temporary investments	$ 10,030,536	$ –	$ 10,030,536	$ 11,744,143
Receivables				
Current taxes	5,907,396	–	5,907,396	7,344,253
Delinquent taxes	144,983	–	144,983	151,795
Due from other governmental units	94,629	–	94,629	134,225
Total assets	$ 16,177,544	$ –	$ 16,177,544	$ 19,374,416
Deferred inflows of resources				
Property taxes levied for subsequent year	$ 12,017,045	$ –	$ 12,017,045	$ 14,901,056
Unavailable revenue – delinquent taxes	132,129	–	132,129	168,919
Total deferred inflows of resources	12,149,174	–	12,149,174	15,069,975
Fund balances				
Restricted for general debt service	4,028,370	–	4,028,370	3,690,389
Restricted for debt service	–	–	–	614,052
Total fund balances	4,028,370	–	4,028,370	4,304,441
Total deferred inflows of resources and fund balances	$ 16,177,544	$ –	$ 16,177,544	$ 19,374,416

INDEPENDENT SCHOOL DISTRICT NO. 279

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	General Obligation Bonds	Other Post-Employment Benefits Bonds	Total 2023	Total 2022
Revenue				
Local sources				
Property taxes	$ 14,855,402	$ –	$ 14,855,402	$ 15,569,095
Investment earnings (losses)	277,729	–	277,729	(3,501)
State sources	905,916	–	905,916	1,021,114
Total revenue	16,039,047	–	16,039,047	16,586,708
Expenditures				
Debt service				
Principal	11,815,000	–	11,815,000	11,855,000
Interest and fiscal charges	4,500,118	–	4,500,118	5,156,615
Total expenditures	16,315,118	–	16,315,118	17,011,615
Excess (deficiency) of revenue over expenditures	(276,071)	–	(276,071)	(424,907)
Other financing sources (uses)				
Transfers in	614,052	–	614,052	–
Transfers (out)	–	(614,052)	(614,052)	–
Total other financing sources (uses)	614,052	(614,052)	–	–
Net change in fund balances	337,981	(614,052)	(276,071)	(424,907)
Fund balances				
Beginning of year	3,690,389	614,052	4,304,441	4,729,348
End of year	$ 4,028,370	$ –	$ 4,028,370	$ 4,304,441

INDEPENDENT SCHOOL DISTRICT NO. 279

General Obligation Bonds Debt Service Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 14,761,481	$ 14,855,402	$ 93,921	$ 12,839,613
Investment earnings (losses)	250,000	277,729	27,729	(2,905)
State sources	946,293	905,916	(40,377)	1,021,029
Total revenue	15,957,774	16,039,047	81,273	13,857,737
Expenditures				
Debt service				
Principal	11,815,000	11,815,000	–	9,215,000
Interest and fiscal charges	4,618,238	4,500,118	(118,120)	5,075,620
Total expenditures	16,433,238	16,315,118	(118,120)	14,290,620
Excess (deficiency) of revenue over expenditures	(475,464)	(276,071)	199,393	(432,883)
Other financing sources				
Transfers in	614,052	614,052	–	–
Net change in fund balances	$ 138,588	337,981	$ 199,393	(432,883)
Fund balances				
Beginning of year		3,690,389		4,123,272
End of year		$ 4,028,370		$ 3,690,389

INDEPENDENT SCHOOL DISTRICT NO. 279

Other Post-Employment Benefits Bonds Debt Service Account
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2023
(With Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023			2022
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ –	$ –	$ –	$ 2,729,482
Investment earnings (losses)	–	–	–	(596)
State sources	–	–	–	85
Total revenue	–	–	–	2,728,971
Expenditures				
Debt service				
Principal	–	–	–	2,640,000
Interest and fiscal charges	–	–	–	80,995
Total expenditures	–	–	–	2,720,995
Excess of revenue over expenditures	–	–	–	7,976
Other financing (uses)				
Transfers out	(614,052)	(614,052)	–	–
Net change in fund balances	$ (614,052)	(614,052)	$ –	7,976
Fund balances				
Beginning of year		614,052		606,076
End of year		$ –		$ 614,052

OSSEO AREA SCHOOLS

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<ins>INTERNAL SERVICE FUNDS</ins>

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2023
(With Comparative Totals as of June 30, 2022)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Assets			
Current assets			
Cash and temporary investments	$ 374,142	$ 828,883	$ 4,559,903
Cash and investments held by trustee	–	–	–
Accounts and interest receivable	198,191	25,669	–
Prepaid items	–	117,400	–
Total assets	572,333	971,952	4,559,903
Deferred outflow of resources			
OPEB plan deferments	–	–	–
Liabilities			
Current liabilities			
Accounts and contracts payable	163,319	600,000	–
Due to other governmental units	–	–	–
Post-employment severance benefits payable	–	–	670,960
OPEB obligation	–	–	–
Long-term liabilities			
Post-employment severance benefits payable	–	–	3,097,329
OPEB obligation	–	–	–
Total liabilities	163,319	600,000	3,768,289
Deferred inflows of resources			
OPEB plan deferments	–	–	–
Net position			
Restricted for employee benefits	–	–	–
Unrestricted	409,014	371,952	791,614
Total net position	$ 409,014	$ 371,952	$ 791,614

Post-Employment Benefits Revocable Trust	Totals 2023	Totals 2022
$ –	$ 5,762,928	$ 7,263,858
24,575,841	24,575,841	24,801,181
193,350	417,210	413,913
–	117,400	–
24,769,191	30,873,379	32,478,952
6,215,999	6,215,999	4,847,647
–	763,319	580,742
984,232	984,232	1,281,015
–	670,960	1,020,594
1,958,036	1,958,036	2,023,969
–	3,097,329	3,547,943
15,964,202	15,964,202	16,004,659
18,906,470	23,438,078	24,458,922
2,915,391	2,915,391	2,136,859
9,163,329	9,163,329	8,362,828
–	1,572,580	2,367,990
$ 9,163,329	$ 10,735,909	$ 10,730,818

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Operating revenue			
Contributions from governmental funds	$ 2,142,396	$ 6,573,823	$ –
Operating expenses			
Dental benefit claims	2,167,999	–	–
Medical benefit claims	–	5,905,759	–
Administrative costs	–	1,264,149	–
Post-employment severance benefits	–	–	355,880
OPEB	–	–	–
Total operating expenses	2,167,999	7,169,908	355,880
Operating income (loss)	(25,603)	(596,085)	(355,880)
Nonoperating revenue			
Investment earnings (losses)	10,293	22,454	149,411
Income (loss) before transfers	(15,310)	(573,631)	(206,469)
Transfers in	–	–	–
Transfers (out)	–	–	–
Change in net position	(15,310)	(573,631)	(206,469)
Net position			
Beginning of year	424,324	945,583	998,083
End of year	$ 409,014	$ 371,952	$ 791,614

Post-Employment Benefits Revocable Trust	Totals 2023	Totals 2022
$ –	$ 8,716,219	$ 8,238,673
–	2,167,999	2,069,990
–	5,905,759	5,338,490
–	1,264,149	1,094,548
–	355,880	242,212
288,022	288,022	585,040
288,022	9,981,809	9,330,280
(288,022)	(1,265,590)	(1,091,607)
1,088,523	1,270,681	(4,130,833)
800,501	5,091	(5,222,440)
–	–	500,000
–	–	(500,000)
800,501	5,091	(5,222,440)
8,362,828	10,730,818	15,953,258
$ 9,163,329	$ 10,735,909	$ 10,730,818

INDEPENDENT SCHOOL DISTRICT NO. 279

Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Cash flows from operating activities			
Contributions from governmental funds	$ 1,974,770	$ 6,771,000	$ –
Payments for dental claims	(2,185,422)	–	–
Payments for medical claims	–	(5,823,159)	–
Payments for administrative costs	–	(1,264,149)	–
Post-employment severance and OPEB benefit payments	–	–	(1,156,128)
Net cash flows from operating activities	(210,652)	(316,308)	(1,156,128)
Cash flows from noncapital financing activities			
Transfers from other funds	–	–	–
Transfers to other funds	–	–	–
Net cash flows from noncapital financing activities	–	–	–
Cash flows from investing activities			
Investment earnings (losses)	10,293	22,454	149,411
Net change in cash and cash equivalents	(200,359)	(293,854)	(1,006,717)
Cash and cash equivalents			
Beginning of year	574,501	1,122,737	5,566,620
End of year	$ 374,142	$ 828,883	$ 4,559,903
Reconciliation of operating (loss) to net cash flows from operating activities			
Operating (loss)	$ (25,603)	$ (596,085)	$ (355,880)
Adjustments to reconcile operating (loss) to net cash flows from operating activities			
Changes in assets and liabilities			
Accounts receivable	(167,626)	197,177	–
Prepaid items	–	(117,400)	–
Deferred outflow of resources	–	–	–
Accounts and contracts payable	(17,423)	200,000	–
Due to other governmental units	–	–	–
Post-employment severance benefits payable	–	–	(800,248)
Total OPEB obligation	–	–	–
Deferred inflows of resources	–	–	–
Net cash flows from operating activities	$ (210,652)	$ (316,308)	$ (1,156,128)

Cash and cash equivalents are reported on the Statement of Net Position as follows:

	Dental Self-Insurance	Medical Self-Insurance	Retirement Incentive Pay
Cash and temporary investments	$ 374,142	$ 828,883	$ 4,559,903
Cash and investments held by trustee	–	–	–
Total cash and cash equivalents	$ 374,142	$ 828,883	$ 4,559,903

Post-Employment Benefits Revocable Trust	Totals 2023	Totals 2022
$ –	$ 8,745,770	$ 8,035,986
–	(2,185,422)	(2,057,683)
–	(5,823,159)	(5,488,490)
–	(1,264,149)	(1,094,548)
(1,281,015)	(2,437,143)	(2,090,451)
(1,281,015)	(2,964,103)	(2,695,186)
–	–	500,000
–	–	(500,000)
–	–	–
1,055,675	1,237,833	(4,037,020)
(225,340)	(1,726,270)	(6,732,206)
24,801,181	32,065,039	38,797,245
$ 24,575,841	$ 30,338,769	$ 32,065,039
$ (288,022)	$ (1,265,590)	$ (1,091,607)
–	29,551	(202,687)
–	(117,400)	–
(1,368,352)	(1,368,352)	224,214
–	182,577	(137,693)
(296,783)	(296,783)	566,221
–	(800,248)	(1,133,444)
(106,390)	(106,390)	(447,707)
778,532	778,532	(472,483)
$ (1,281,015)	$ (2,964,103)	$ (2,695,186)
$ –	$ 5,762,928	$ 7,263,858
24,575,841	24,575,841	24,801,181
$ 24,575,841	$ 30,338,769	$ 32,065,039

Osseo Area Schools

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FIDUCIARY FUNDS

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Combining Statement of Fiduciary Net Position
as of June 30, 2023

	Northwest Family Service Center	Local Collaborative Time Study	Total
Assets			
Cash and temporary investments	$ 636,357	$ 1,279,712	$ 1,916,069
Receivables			
Accounts and interest	18,234	–	18,234
Total assets	654,591	1,279,712	1,934,303
Liabilities			
Salaries payable	–	734	734
Accounts and contracts payable	–	10,828	10,828
Total liabilities	–	11,562	11,562
Net position			
Restricted for Local Collaborative Time Study	–	1,268,150	1,268,150
Restricted for Northwest Family Service Center	654,591	–	654,591
Total net position	$ 654,591	$ 1,268,150	$ 1,922,741

INDEPENDENT SCHOOL DISTRICT NO. 279

Fiduciary Funds
Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	Northwest Family Service Center	Local Collaborative Time Study	Total
Additions			
Investment earnings	$ –	$ 44,335	$ 44,335
Rents	446,095	–	446,095
Grants	–	414,928	414,928
Total additions	446,095	459,263	905,358
Deductions			
Elementary and secondary regular instruction			
Salaries	–	91,300	91,300
Employee benefits	–	25,337	25,337
Purchased services	–	224,901	224,901
Supplies and materials	–	2,906	2,906
Total elementary and secondary regular instruction	–	344,444	344,444
Sites and buildings			
Purchased services	339,158	–	339,158
Supplies and materials	2,075	–	2,075
Total sites and buildings	341,233	–	341,233
Total deductions	341,233	344,444	685,677
Net change in fiduciary net position	104,862	114,819	219,681
Net position			
Beginning of year	549,729	1,153,331	1,703,060
End of year	$ 654,591	$ 1,268,150	$ 1,922,741

Osseo Area Schools

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SECTION III

STATISTICAL

Osseo Area Schools
ISD 279

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STATISTICAL SECTION (UNAUDITED)

This section of Independent School District No. 279 – Osseo Area Schools' (the District) Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Indicators

These schedules contain service and infrastructure data to help the reader understand how the information in the District's ACFR relates to the services the District provides, and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the District's ACFR for the relevant year.

INDEPENDENT SCHOOL DISTRICT NO. 279

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	$ 188,480,399	$ 188,563,705	$ 193,342,167	$ 201,669,570
Restricted	13,284,014	15,826,198	15,552,674	19,153,181
Unrestricted	45,000,285	(112,847,413)	(99,033,629)	(169,293,406)
Total governmental activities net position	$ 246,764,698	$ 91,542,490	$ 109,861,212	$ 51,529,345

Note 1: The District implemented GASB Statement No. 68 in fiscal 2015. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately $175.4 million.

Note 2: The District implemented GASB Statement No. 75 in fiscal 2018. The District reported a change in accounting principle as a result of implementing this standard that decreased unrestricted net position by approximately $8.8 million.

Note 3: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by $424,121.

Note 4: The District implemented GASB Statement No. 87 in fiscal 2022. The District reported a change in accounting principle as a result of implementing this standard that increased unrestricted net position by $1,067,175.

2018	2019	2020	2021	2022	2023
$ 209,642,657	$ 217,683,814	$ 233,739,330	$ 240,761,946	$ 251,841,254	$ 268,802,808
19,443,331	21,207,005	17,275,589	32,967,515	33,722,595	32,179,593
(246,677,152)	(172,104,081)	(175,063,914)	(185,958,423)	(171,898,524)	(124,174,706)
$ (17,591,164)	$ 66,786,738	$ 75,951,005	$ 87,771,038	$ 113,665,325	$ 176,807,695

INDEPENDENT SCHOOL DISTRICT NO. 279

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
Administration	$ 9,575,101	$ 10,381,868	$ 10,818,228	$ 11,001,338
District support services	7,526,010	7,703,891	8,179,156	8,567,156
Elementary and secondary regular instruction	116,638,392	129,757,253	132,739,729	199,497,344
Vocational education instruction	3,141,382	2,577,175	3,382,640	3,512,275
Special education instruction	46,401,292	44,261,176	47,918,552	63,245,199
Instructional support services	15,078,139	18,218,530	19,542,885	19,301,766
Pupil support services	21,381,700	21,213,677	20,057,132	21,774,370
Sites and buildings	16,537,008	17,371,714	18,587,008	20,886,238
Fiscal and other fixed cost programs	531,895	607,963	529,352	501,639
Food service	11,330,855	11,239,240	12,207,490	12,579,723
Community service	15,230,093	14,421,741	16,419,921	19,965,214
Unallocated depreciation/amortization expense (excluding amounts directly allocated)	7,141,723	7,290,078	7,814,428	8,015,144
Interest and fiscal charges on debt	5,198,234	5,557,629	4,063,175	4,456,962
Total governmental activities expenses	275,711,824	290,601,935	302,259,696	393,304,368
Program revenues				
Governmental activities				
Charges for services				
Food service	4,681,620	4,554,115	5,018,871	5,324,443
Community service	9,559,310	8,675,018	9,518,778	9,954,275
All other	2,084,530	2,357,602	2,101,396	2,240,416
Operating grants and contributions	66,776,775	67,178,824	69,859,744	70,475,866
Capital grants and contributions	8,295,544	8,343,272	8,831,507	8,419,910
Total governmental activities program revenues	91,397,779	91,108,831	95,330,296	96,414,910
Net (expense) revenue	(184,314,045)	(199,493,104)	(206,929,400)	(296,889,458)
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	48,483,768	58,867,528	61,342,344	64,372,997
Property taxes, levied for community service	1,922,267	1,917,363	1,998,320	2,435,152
Property taxes, levied for debt service	20,463,285	17,940,548	17,810,240	17,843,905
Property taxes, levied for capital projects	2,631,084	2,622,943	2,622,943	–
General grants and aids	125,732,058	136,917,820	138,867,011	150,549,947
Other general revenues	895,594	968,988	1,302,473	1,212,290
Gain on sale of capital assets	733,095	–	–	–
Investment earnings	475,803	465,137	1,304,791	2,143,300
Total governmental activities	201,336,954	219,700,327	225,248,122	238,557,591
Change in net position	$ 17,022,909	$ 20,207,223	$ 18,318,722	$ (58,331,867)

2018	2019	2020	2021	2022	2023
$ 11,514,189	$ 11,579,014	$ 12,045,309	$ 12,618,772	$ 13,265,447	$ 13,705,585
9,685,524	9,161,865	9,664,778	9,774,932	9,665,973	10,612,245
201,729,524	96,467,422	156,972,364	150,649,757	132,679,526	115,585,085
3,877,502	3,896,875	3,816,686	3,506,547	4,431,862	4,036,605
63,405,079	37,278,468	58,331,647	59,143,900	56,663,872	50,189,664
19,776,626	20,153,137	21,783,939	34,930,503	32,168,972	36,209,514
23,150,650	24,378,844	25,046,915	25,441,090	29,065,764	32,245,839
24,049,266	26,923,739	21,518,505	24,052,035	21,801,400	22,698,059
437,569	478,592	578,794	612,385	665,539	770,720
12,641,891	11,725,300	11,787,601	10,579,695	13,787,275	15,578,299
20,570,178	17,988,019	18,797,900	12,283,972	13,561,234	15,570,524
8,217,000	8,572,041	9,336,423	10,014,580	10,781,321	11,678,097
4,678,075	4,273,134	3,931,328	3,781,858	4,869,711	5,131,297
403,733,073	272,876,450	353,612,189	357,390,026	343,407,896	334,011,533
5,426,342	5,311,834	3,778,743	246,038	782,730	4,014,642
10,433,494	10,655,483	8,177,105	4,227,651	8,157,627	8,136,580
2,173,310	1,885,473	1,522,171	1,427,488	4,037,675	2,020,544
71,983,248	94,288,399	89,989,964	105,334,938	107,415,958	118,091,828
8,401,701	9,709,050	9,463,840	7,183,646	7,778,430	7,807,982
98,418,095	121,850,239	112,931,823	118,419,761	128,172,420	140,071,576
(305,314,978)	(151,026,211)	(240,680,366)	(238,970,265)	(215,235,476)	(193,939,957)
69,614,963	70,139,704	77,069,829	75,604,475	81,661,917	83,093,050
2,584,830	2,751,535	2,964,636	3,059,339	3,086,670	3,166,148
18,036,264	19,383,439	20,009,035	22,837,182	15,583,464	14,818,612
–	–	–	–	–	–
150,314,612	135,755,407	143,538,316	144,806,099	142,401,547	148,877,949
1,837,047	1,097,917	694,465	730,287	1,496,502	808,313
–	199,685	–	–	–	–
2,669,993	6,076,426	5,144,231	3,752,916	(4,167,512)	6,318,255
245,057,709	235,404,113	249,420,512	250,790,298	240,062,588	257,082,327
$ (60,257,269)	$ 84,377,902	$ 8,740,146	$ 11,820,033	$ 24,827,112	$ 63,142,370

INDEPENDENT SCHOOL DISTRICT NO. 279

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable				
Operating Account	$ 397,467	$ 349,941	$ 347,972	$ 257,014
Capital Expenditure Account	14,354	10,794	41,908	40,940
Restricted				
Operating Account	131,241	183,529	141,786	1,587,675
Capital Expenditure Account	8,386,025	9,054,720	8,890,846	9,051,446
Assigned	–	–	3,628,175	4,258,291
Unassigned				
Operating Account	43,436,563	55,738,741	63,161,707	63,266,128
Capital Expenditure Account	(590,612)	(482,773)	(433,430)	(35,548)
Total General Fund	$ 51,775,038	$ 64,854,952	$ 75,778,964	$ 78,425,946
All other governmental funds				
Nonspendable				
Special revenue funds	$ 16,823	$ 12,779	$ 8,553	$ 2,575
Restricted				
Special revenue funds	4,919,497	5,269,738	5,594,482	6,745,866
Capital Projects – Building Construction Fund	3,648,964	15,393,620	4,952,256	43,249,779
Debt Service Fund	3,813,947	51,033,469	2,951,458	4,105,000
Total all other governmental funds	$ 12,399,231	$ 71,709,606	$ 13,506,749	$ 54,103,220
Unassigned – Operating Account as a percentage of General Fund Operating Account expenditures	18.9%	23.5%	25.8%	24.7%

Note: The District implemented GASB Statement No. 84 in fiscal 2020. The District reported a change in accounting principle as a result of implementing this standard that increased the General Fund Unassigned – Operating Account fund balance by $424,121.

2018	2019	2020	2021	2022	2023
$ 292,548	$ 295,095	$ 413,056	$ 217,512	$ 440,231	$ 434,679
84,682	131,966	110,522	93,218	29,293	25,287
1,177,620	1,379,098	2,582,371	2,635,666	1,664,876	2,240,884
10,237,338	9,521,802	8,157,746	8,533,571	9,518,503	7,759,473
3,634,947	825,755	3,926,582	16,452,233	14,669,070	500,000
67,945,278	75,714,545	81,696,260	77,400,156	77,005,186	89,241,546
(137,035)	(695,873)	(294,564)	(641,535)	–	–
$ 83,235,378	$ 87,172,388	$ 96,591,973	$ 104,690,821	$ 103,327,159	$ 100,201,869
$ 1,934	$ 131,065	$ 184,505	$ 134,382	$ 111,869	$ 123,217
7,320,744	7,943,920	5,347,134	7,271,216	11,601,580	10,949,127
12,985,125	38,626,107	14,209,126	25,068,151	9,273,212	9,654,295
16,589,246	5,842,002	3,509,367	4,729,348	4,304,441	4,028,370
$ 36,897,049	$ 52,543,094	$ 23,250,132	$ 37,203,097	$ 25,291,102	$ 24,755,009
25.7%	27.8%	29.3%	26.8%	25.9%	24.9%

INDEPENDENT SCHOOL DISTRICT NO. 279

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Local sources				
Taxes	$ 52,139,640	$ 81,224,509	$ 83,812,427	$ 84,767,898
Investment earnings (losses)	122,297	169,450	348,164	974,405
Other	20,774,516	20,092,851	21,359,596	22,410,973
State sources	203,939,595	193,878,147	198,912,577	202,174,527
Federal sources	15,145,733	14,660,370	15,210,620	16,625,266
Total revenues	292,121,781	310,025,327	319,643,384	326,953,069
Expenditures				
Current				
Administration	9,575,101	10,381,868	10,818,228	11,001,338
District support services	5,437,320	5,622,720	6,172,803	6,460,730
Elementary and secondary regular instruction	118,710,180	130,841,833	133,079,885	136,536,746
Vocational education instruction	3,138,526	2,573,885	3,380,229	3,509,419
Special education instruction	46,402,897	46,296,441	48,125,942	48,194,816
Instructional support services	15,006,315	18,270,519	19,590,144	19,265,127
Pupil support services	21,381,700	21,259,449	20,059,076	21,774,370
Sites and buildings	18,914,056	17,581,741	19,359,537	23,465,235
Fiscal and other fixed cost programs	531,895	607,963	529,352	501,639
Food service	11,127,023	11,232,077	12,021,733	12,142,784
Community service	15,201,013	14,465,450	16,420,852	17,937,598
Capital outlay	6,886,511	22,990,007	13,341,882	14,429,416
Debt service				
Principal	15,289,675	13,293,208	16,895,743	16,908,235
Interest and fiscal charges	6,343,571	6,032,813	6,478,143	5,519,548
Total expenditures	293,945,783	321,449,974	326,273,549	337,647,001
Excess (deficiency) of revenues over expenditures	(1,824,002)	(11,424,647)	(6,630,165)	(10,693,932)
Other financing sources (uses)				
Transfers in	–	–	–	–
Transfers (out)	–	–	–	–
Refunding bonds issued	–	42,075,000	–	–
Bonds issued	–	30,685,000	–	50,745,000
Issuance of financed purchases	–	–	–	–
Issuance of subscription liabilities	–	–	–	–
Premiums (discounts) on debt issued	–	6,295,789	–	2,232,510
Proceeds from sale of assets	2,124,000	–	–	–
Debt retirement from refunding bonds	–	–	(46,930,000)	–
Capital leases issued	–	4,759,147	6,281,320	959,875
Total other financing sources (uses)	2,124,000	83,814,936	(40,648,680)	53,937,385
Net change in fund balances	$ 299,998	$ 72,390,289	$ (47,278,845)	$ 43,243,453
Debt service as a percentage of noncapital expenditures	7.5%	6.5%	7.5%	6.9%

2018	2019	2020	2021	2022	2023
$ 90,260,977	$ 91,750,858	$ 100,328,694	$ 101,462,806	$ 100,135,307	$ 101,250,718
1,604,857	3,652,156	2,833,396	533,341	(36,679)	5,047,574
22,858,261	23,739,973	17,114,579	9,469,507	14,576,005	18,642,184
209,621,427	218,164,915	224,158,572	221,574,472	221,197,193	233,254,275
17,198,842	16,798,675	15,891,453	32,488,639	37,491,213	36,757,685
341,544,364	354,106,577	360,326,694	365,528,765	373,363,039	394,952,436
11,514,189	11,579,014	12,045,309	12,630,825	13,264,167	13,704,305
6,903,161	7,122,254	7,631,179	7,717,054	7,587,100	8,205,769
141,017,874	144,692,508	143,989,921	140,547,910	143,319,449	153,758,984
3,874,646	3,907,331	3,888,466	3,509,057	4,439,304	4,075,296
49,252,014	51,507,841	55,159,242	56,677,434	59,625,510	60,742,095
19,713,175	26,200,345	23,051,707	34,912,873	32,329,578	37,203,731
23,150,650	24,378,844	25,060,178	25,510,887	29,057,448	32,356,873
26,295,190	30,083,755	27,088,116	26,146,167	31,472,718	40,561,857
437,569	478,592	578,794	612,385	665,539	770,720
12,369,060	11,900,447	11,756,680	11,023,452	14,414,867	14,899,044
18,835,328	19,669,050	18,413,160	12,342,444	14,202,554	16,209,298
30,922,886	18,468,568	25,628,871	20,858,804	16,525,312	13,347,725
17,825,824	17,802,872	20,491,339	21,103,066	15,984,006	16,663,459
6,692,091	5,942,637	7,140,795	5,941,062	5,758,278	5,140,507
368,803,657	373,734,058	381,923,757	379,533,420	388,645,830	417,639,663
(27,259,293)	(19,627,481)	(21,597,063)	(14,004,655)	(15,282,791)	(22,687,227)
–	–	1,050,000	–	–	614,052
–	–	(1,050,000)	–	–	(614,052)
–	16,070,000	–	14,405,000	–	–
12,900,000	43,340,000	–	30,775,000	–	11,505,000
–	–	–	–	2,007,134	5,779,121
–	–	–	–	–	690,119
687,685	2,300,316	–	1,086,458	–	940,104
473,993	199,685	–	–	–	111,500
–	(30,165,000)	–	(15,210,000)	–	–
800,876	7,465,535	1,299,565	5,000,010	–	–
14,862,554	39,210,536	1,299,565	36,056,468	2,007,134	19,025,844
$ (12,396,739)	$ 19,583,055	$ (20,297,498)	$ 22,051,813	$ (13,275,657)	$ (3,661,383)
7.3%	6.7%	7.8%	7.5%	5.8%	5.4%

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Expenditures by Program
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Administration	District Support Services	Elementary and Secondary Regular Instruction	Vocational Education Instruction	Special Education Instruction
2014	$ 9,560,101	$ 4,824,781	$ 116,517,752	$ 3,110,026	$ 46,398,074
	4.1%	2.1%	50.6%	1.4%	20.2%
2015	10,379,805	4,938,420	122,827,042	2,529,300	46,277,695
	4.4%	2.1%	51.8%	1.1%	19.5%
2016	10,815,433	5,521,493	129,193,844	3,124,154	48,120,113
	4.4%	2.3%	52.8%	1.3%	19.6%
2017	10,999,162	5,703,811	134,282,353	3,426,012	48,191,475
	4.3%	2.2%	52.4%	1.3%	18.9%
2018	11,498,367	5,971,996	139,495,530	3,762,033	49,249,189
	4.4%	2.3%	52.7%	1.4%	18.6%
2019	11,579,014	6,026,917	142,641,191	3,798,501	51,504,863
	4.2%	2.2%	52.3%	1.4%	18.9%
2020	12,045,309	6,383,173	142,608,851	3,775,218	55,149,141
	4.3%	2.3%	51.2%	1.4%	19.8%
2021	12,630,825	6,702,691	138,440,927	3,448,113	56,675,430
	4.4%	2.3%	47.9%	1.2%	19.6%
2022	13,264,167	6,563,064	141,053,529	4,320,832	59,587,097
	4.5%	2.2%	47.5%	1.4%	20.1%
2023	13,704,305	7,246,812	150,350,941	3,837,298	60,738,868
	4.3%	2.3%	47.0%	1.2%	19.0%

Instructional Support Services	Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Total	Percent Increase (Decrease) From Prior Year
$ 13,867,690	$ 21,381,700	$ 13,956,139	$ 531,895	$ 230,148,158	(0.1%)
6.0%	9.3%	6.1%	0.2%	100.0%	
14,139,992	21,247,802	13,898,296	607,963	236,846,315	2.9%
6.0%	9.0%	5.9%	0.2%	100.0%	
13,472,009	20,033,798	14,018,585	529,352	244,828,781	3.4%
5.5%	8.2%	5.7%	0.2%	100.0%	
16,108,984	21,749,139	15,245,250	501,639	256,207,825	4.7%
6.3%	8.5%	5.9%	0.2%	100.0%	
15,474,392	23,141,045	15,536,238	437,569	264,566,359	3.3%
5.9%	8.8%	5.8%	0.1%	100.0%	
16,338,832	24,364,201	16,119,074	478,592	272,851,185	3.1%
6.0%	8.9%	5.9%	0.2%	100.0%	
17,114,996	25,030,855	15,760,903	578,794	278,447,240	2.1%
6.1%	9.0%	5.7%	0.2%	100.0%	
26,030,318	25,510,887	18,959,945	612,385	289,011,521	3.8%
9.0%	8.8%	6.6%	0.2%	100.0%	
25,304,122	29,026,924	17,246,821	665,539	297,032,095	2.8%
8.5%	9.8%	5.8%	0.2%	100.0%	
28,587,960	32,325,338	21,823,137	1,143,067	319,757,726	7.7%
8.9%	10.1%	6.8%	0.4%	100.0%	

OSSEO AREA SCHOOLS

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Year Ended June 30,	Local Property Tax Levies (1)	State Revenue (1)	Federal Revenue	Other Local and Miscellaneous	Total
2014	$ 27,849,067	$ 191,674,840	$ 8,805,345	$ 4,902,566	$ 233,231,818
	12%	82%	4%	2%	100%
2015	53,770,557	181,828,908	7,987,321	5,566,469	249,153,255
	22%	73%	3%	2%	100%
2016	56,353,162	185,858,768	8,184,157	5,440,123	255,836,210
	22%	73%	3%	2%	100%
2017	54,872,791	188,741,825	9,076,514	5,950,070	258,641,200
	21%	73%	4%	2%	100%
2018	56,258,480	196,073,146	9,800,950	6,115,068	268,247,644
	21%	73%	4%	2%	100%
2019	57,035,680	204,292,523	9,408,631	7,278,451	278,015,285
	21%	73%	3%	3%	100%
2020	64,852,735	209,126,204	9,630,449	5,867,507	289,476,895
	22%	72%	3%	2%	100%
2021	64,689,741	208,973,905	19,421,504	4,013,669	297,098,819
	22%	70%	7%	1%	100%
2022	61,454,434	207,533,303	20,855,275	4,262,879	294,105,891
	21%	71%	7%	1%	100%
2023	59,971,671	219,532,158	27,272,479	8,861,573	315,637,881
	19%	70%	9%	3%	100%

(1) Basic general education revenue in the General Fund is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. The state periodically changes the mix of property tax and state aid revenue with no net effect on total revenue.

INDEPENDENT SCHOOL DISTRICT NO. 279

Revenue and Expenditures –
General Fund, Special Revenue Funds, General Obligation Bonds, and
Other Post-Employment Benefits Bonds – Debt Service Accounts
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Revenue				
General Fund				
Operating Account	$ 233,231,818	$ 249,153,255	$ 255,836,210	$ 258,641,200
Capital Expenditure Account	9,267,986	13,903,601	14,294,742	18,373,136
Special revenue funds				
Food Service	11,079,495	11,346,564	12,189,464	12,949,410
Community Service	15,289,169	15,056,548	16,828,669	18,535,705
Debt service funds				
Debt Service Account – General Obligation Bonds	19,639,753	15,637,131	15,564,377	15,955,955
Debt Service Account – Other Post-Employment Benefits Bonds	978,083	2,293,296	2,284,434	2,278,253
Total revenue	$ 289,486,304	$ 307,390,395	$ 316,997,896	$ 326,733,659
Expenditures				
General Fund				
Operating Account	$ 230,148,158	$ 236,846,315	$ 244,828,781	$ 256,207,825
Capital Expenditure Account	9,931,619	17,889,774	20,659,479	19,119,404
Special revenue funds				
Food Service	11,318,737	11,461,024	12,140,458	12,243,200
Community Service	15,333,772	14,595,891	16,557,157	18,096,509
Debt service funds				
Debt Service Account – General Obligation Bonds	19,691,009	15,751,468	16,813,272	15,471,116
Debt Service Account – Other Post-Employment Benefits Bonds	960,450	2,175,450	2,187,550	2,199,550
Total expenditures	$ 287,383,745	$ 298,719,922	$ 313,186,697	$ 323,337,604

2018	2019	2020	2021	2022	2023
$ 268,247,644	$ 278,015,285	$ 289,476,895	$ 297,098,819	$ 294,105,891	$ 315,637,881
22,321,138	22,504,811	22,088,625	18,495,400	29,014,795	31,545,935
13,106,250	12,875,401	10,441,940	12,954,711	16,830,516	13,646,970
18,977,219	19,779,910	16,685,896	13,038,710	16,811,824	17,572,414
15,555,583	17,208,540	18,097,433	21,261,211	13,857,737	16,039,047
2,983,142	2,907,629	2,875,357	2,620,468	2,728,971	–
$ 341,190,976	$ 353,291,576	$ 359,666,146	$ 365,469,319	$ 373,349,734	$ 394,442,247
$ 264,566,359	$ 272,851,185	$ 278,447,240	$ 289,011,521	$ 297,032,095	$ 319,757,726
22,467,860	31,397,121	24,372,381	23,483,860	29,459,387	37,020,620
12,510,312	12,165,405	12,116,579	11,655,858	14,960,691	15,512,486
18,998,920	19,737,599	18,604,603	12,463,604	14,373,798	16,459,503
16,756,014	16,403,794	20,460,477	20,094,456	14,290,620	16,315,118
2,886,150	2,909,601	2,844,948	2,623,860	2,720,995	–
$ 338,185,615	$ 355,464,705	$ 356,846,228	$ 359,333,159	$ 372,837,586	$ 405,065,453

OSSEO AREA SCHOOLS

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

INDEPENDENT SCHOOL DISTRICT NO. 279

General Fund – Operating Account Revenue per Student
Year Ended June 30, 2023
(Modified Accrual Basis of Accounting)

	Hennepin County Average	ISD No. 279
General education formula revenue per pupil unit (1)		
General education (includes transportation)	$ 6,863	$ 6,863
Local optional	724	724
Referendum	1,741	1,755
Gifted and talented, extended, and basic skills	634	869
Operating capital	232	229
Equity, transition, pension, and other	210	181
General education formula revenue per pupil unit (property tax and state aid)	$ 10,404	$ 10,621
General Fund – Operating Account revenue per student (2)		
General education formula revenue per student (property tax and state aid)		$ 12,829
Less Capital Expenditure Account		(1,518)
General education formula revenue per student – General Fund – Operating Account		11,311
State categorical revenue (special education, secondary vocational, cooperation, and other)		2,362
Total property tax and state aid revenue		13,673
Federal revenue (special education, Title I, and other)		1,334
Other local revenue – interest, participation fees, and other		434
Total General Fund – Operating Account revenue per student		$ 15,441

(1) Pupil units or adjusted pupil units consist of differential weighting of students by grade level for funding purposes.

(2) Average daily membership is a measure of student attendance.

Source: General education formula revenue per pupil unit is from the Minnesota Department of Education

INDEPENDENT SCHOOL DISTRICT NO. 279

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Total Taxable Assessed Value
2014	$ 11,124,552,594	$ 120,485,200	$ 11,245,037,794
2015	12,260,171,126	126,039,300	12,386,210,426
2016	13,072,587,948	131,212,400	13,203,800,348
2017	13,963,187,839	135,759,200	14,098,947,039
2018	15,142,279,653	149,778,500	15,292,058,153
2019	16,274,057,264	162,395,700	16,436,452,964
2020	17,692,514,721	156,621,500	17,849,136,221
2021	18,865,866,104	167,949,700	19,033,815,804
2022	20,144,504,101	92,566,900	20,237,071,001
2023	24,204,288,396	104,356,700	24,308,645,096

Source: Hennepin County Department of Property Tax and Public Records

Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 12,032,929,900	93.5 %
13,117,972,200	94.4
13,913,604,700	94.9
14,790,857,500	95.3
15,935,351,000	96.0
17,052,240,800	96.4
18,425,248,550	96.9
19,577,944,400	97.2
20,739,057,200	97.6
24,678,431,900	98.5

OSSEO AREA SCHOOLS

ISD 279

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INDEPENDENT SCHOOL DISTRICT NO. 279

Governmental Fund Tax Revenues by Source and Levy Type
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Property Tax				
Fiscal Year	General Fund	Community Service Special Revenue Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Total
2014	$ 27,849,067	$ 1,053,994	$ 2,631,084	$ 20,605,495	$ 52,139,640
2015	58,770,557	1,914,828	2,622,943	17,916,181	81,224,509
2016	61,356,156	1,999,515	2,622,943	17,833,813	83,812,427
2017	64,453,408	2,437,044	–	17,877,446	84,767,898
2018	69,621,125	2,585,454	–	18,054,398	90,260,977
2019	69,741,962	2,735,653	–	19,273,243	91,750,858
2020	77,283,444	2,972,809	–	20,072,441	100,328,694
2021	75,583,434	3,057,662	–	22,821,710	101,462,806
2022	81,485,810	3,080,402	–	15,569,095	100,135,307
2023	83,224,135	3,171,181	–	14,855,402	101,250,718

INDEPENDENT SCHOOL DISTRICT NO. 279

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Property Classification	City	2023 Property Valuation Tax Capacity	Rank	Percentage of Tax Capacity Value	Market Value
Prisa Arbor Lakes, LLC	Commercial	Maple Grove	$ 1,489,006	1	0.5 %	$ 74,487,800
Target Corporation	Commercial	Brooklyn Park	1,428,800	2	0.5	71,477,500
Skye at Arbor Lakes LLLP	Apartment	Maple Grove	1,428,795	3	0.5	114,303,600
The Connor Group	Apartment	Plymouth	1,039,238	4	0.4	83,139,000
Weidner Property Management	Residential	Plymouth	984,163	5	0.3	78,733,000
Doran MGRB I, LLC	Apartment	Maple Grove	896,655	6	0.3	71,732,400
Boston Scientific SciMed, Inc.	Industrial	Maple Grove	850,376	7	0.3	42,593,800
Fairview Hospital	Commercial	Maple Grove	755,358	8	0.2	37,805,400
BPP, LLC	Industrial	Brooklyn Park	711,026	9	0.2	35,588,800
KIMCO Realty Corporation	Commercial	Maple Grove	696,524	10	0.2	34,863,700
KIR Maple Grove, LP	Commercial	Maple Grove	–	–	–	–
DDRA Maple Grove XNG, LLC	Commercial	Maple Grove	–	–	–	–
Xcel Energy	Utility	Maple Grove	–	–	–	–
Total for 10 largest principal taxpayers			$ 10,279,941		3.4 %	$ 644,725,000

Note: Minnesota’s tax capacity system includes class rates whereby commercial, industrial, and utility properties pay taxes based on a higher percentage of market value than homeowners.

Source: Hennepin County Department of Property Tax and Public Records

2014			
Property Valuation			
Tax Capacity	Rank	Percentage of Tax Capacity Value	Market Value
$ 1,217,988	1	1.0 %	$ 60,936,900
1,144,136	2	1.0	57,244,300
–	–	–	–
–	–	–	–
538,475	8	0.5	43,078,000
–	–	–	–
882,652	4	0.8	44,170,100
546,450	7	0.5	27,360,000
461,050	10	0.4	23,090,000
652,856	5	0.6	32,680,300
964,012	3	0.8	48,238,100
601,044	6	0.5	30,089,700
474,432	9	0.4	23,721,600
$ 7,483,095		6.5 %	$ 390,609,000

INDEPENDENT SCHOOL DISTRICT NO. 279

School Tax Levies and Tax Rates by Fund
Last Ten Fiscal Years

	Year Collectible	General Fund	Community Service Special Revenue Fund	Debt Service Fund	Total Levy All Funds
Levies					
	2014	$ 61,625,634	$ 1,836,956	$ 18,197,021	$ 81,659,611
	2015	64,037,957	1,960,560	18,050,797	84,049,314
	2016	64,021,060	2,375,031	17,945,293	84,341,384
	2017	69,353,231	2,523,098	18,139,842	90,016,171
	2018	70,426,884	2,728,751	19,627,290	92,782,925
	2019	76,470,630	2,919,952	20,180,265	99,570,847
	2020	74,247,689	2,993,322	22,893,430	100,134,441
	2021	81,756,449	3,068,201	15,735,260	100,559,910
	2022	84,115,150	3,125,856	14,901,056	102,142,062
	2023	109,718,453	3,162,392	12,017,045	124,897,890
Net tax rates					
Tax capacity rate					
	2014	14.823	1.375	13.621	29.819
	2015	13.693	1.319	12.144	27.156
	2016	13.348	1.510	11.409	26.267
	2017	14.397	1.506	10.827	26.730
	2018	12.673	1.495	10.753	24.921
	2019	12.677	1.509	10.429	24.615
	2020	9.944	1.395	10.669	22.008
	2021	13.807	1.357	6.959	22.123
	2022	14.396	1.307	6.230	21.933
	2023	14.341	1.104	4.195	19.640
Market value rate					
	2014	0.309	–	–	0.309
	2015	0.294	–	–	0.294
	2016	0.278	–	–	0.278
	2017	0.275	–	–	0.275
	2018	0.266	–	–	0.266
	2019	0.275	–	–	0.275
	2020	0.256	–	–	0.256
	2021	0.232	–	–	0.232
	2022	0.215	–	–	0.215
	2023	0.256	–	–	0.256

Note: A portion of the total spread levy is paid through various property tax credits for residential homestead properties, which are paid through state aids.

Source: Hennepin County Department of Property Tax and Public Records

Less Homestead and Agricultural Credit Aid (HACA) and Fiscal Disparities	Net Levy	Less Referendum Spread on Market Value	Remaining Amount Spread on Tax Capacity Value
$ (9,799,243)	$ 71,860,368	$ (36,803,819)	$ 35,056,549
(10,726,997)	73,322,317	(38,109,021)	35,213,296
(9,941,590)	74,399,794	(37,953,980)	36,445,814
(10,497,320)	79,518,851	(39,956,973)	39,561,878
(11,070,502)	81,712,423	(41,651,739)	40,060,684
(11,010,109)	88,560,738	(46,196,821)	42,363,917
(11,984,393)	88,150,048	(46,577,113)	41,572,935
(11,456,838)	89,103,072	(44,778,983)	44,324,089
(11,825,135)	90,316,927	(43,930,863)	46,386,064
(11,620,754)	113,277,136	(62,250,808)	51,026,328

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

		Municipalities				
Rate	Tax Collection Calendar Year	Brooklyn Center	Brooklyn Park	Corcoran	Dayton	Maple Grove
Tax capacity rate	2014	74.133%	60.469%	49.743%	65.600%	42.267%
Market value rate	2014	–	0.02847%	–	–	–
Tax capacity rate	2015	70.026%	56.136%	45.311%	57.029%	39.651%
Market value rate	2015	–	0.02589%	–	–	–
Tax capacity rate	2016	71.775%	55.251%	45.691%	57.150%	39.196%
Market value rate	2016	–	0.02399%	–	–	–
Tax capacity rate	2017	70.498%	54.365%	45.994%	55.467%	38.245%
Market value rate	2017	–	0.02464%	–	–	–
Tax capacity rate	2018	67.067%	51.159%	45.357%	55.664%	36.709%
Market value rate	2018	–	0.01584%	–	–	–
Tax capacity rate	2019	70.400%	51.869%	45.160%	55.212%	34.746%
Market value rate	2019	–	0.01110%	–	–	–
Tax capacity rate	2020	65.233%	48.862%	45.013%	54.139%	32.756%
Market value rate	2020	–	0.01427%	–	–	–
Tax capacity rate	2021	64.740%	46.396%	43.522%	51.378%	31.911%
Market value rate	2021	–	0.01340%	–	–	–
Tax capacity rate	2022	55.864%	47.523%	43.192%	47.733%	31.287%
Market value rate	2022	–	0.02760%	–	–	–
Tax capacity rate	2023	54.747%	42.380%	42.122%	35.109%	26.902%
Market value rate	2023	–	0.01173%	–	–	–

(1) The miscellaneous other levy includes AVTI, mosquito control, park/museum, Metro Transit, other metro services, county parks bonds, and interest. These miscellaneous levies vary slightly between municipalities.

Source: Hennepin County Department of Property Tax and Public Records

Osseo	Plymouth	Rogers	ISD No. 279	Hennepin County	Miscellaneous Other (1)	Total Maple Grove Resident
76.941%	29.547%	40.541%	29.819%	49.959%	10.429%	132.474%
–	0.00585%	–	0.30947%	–	–	0.309%
72.935%	27.847%	40.377%	27.156%	46.398%	9.651%	122.856%
–	0.00698%	–	0.29426%	–	–	0.294%
70.645%	27.330%	37.879%	26.267%	45.356%	9.449%	120.268%
–	0.00531%	–	0.27820%	–	–	0.278%
69.097%	26.482%	38.308%	26.730%	44.087%	9.153%	118.215%
–	0.00499%	–	0.27516%	–	–	0.275%
63.157%	26.344%	36.810%	24.921%	42.808%	8.943%	113.381%
–	0.00475%	–	0.26582%	–	–	0.266%
60.009%	25.920%	35.917%	24.615%	41.861%	8.493%	109.715%
–	0.00219%	–	0.27486%	–	–	0.275%
57.740%	25.796%	35.859%	22.008%	41.084%	8.174%	104.022%
–	0.00209%	–	0.25606%	–	–	0.256%
58.211%	26.119%	33.396%	22.123%	38.210%	7.878%	100.122%
–	0.00197%	–	0.23168%	–	–	0.232%
57.689%	27.187%	34.762%	21.933%	38.535%	7.807%	99.562%
–	0.00185%	–	0.21478%	–	–	0.215%
54.138%	24.307%	33.557%	19.640%	34.542%	6.915%	87.999%
–	0.00162%	–	0.25595%	–	–	0.256%

INDEPENDENT SCHOOL DISTRICT NO. 279

Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Collection Calendar Year		Total Tax Levy	Current Tax Collections	Percent of Current Tax Collected	Delinquent Tax Collections
2014		$ 81,659,611	$ 81,494,375	99.8 %	$ 173,397
2015		84,049,314	83,715,659	99.6	305,006
2016		84,341,384	83,868,531	99.4	427,910
2017		90,016,171	89,891,336	99.9	46,865
2018		92,782,925	92,467,545	99.7	(96,144)
2019		99,570,847	99,253,734	99.7	211,565
2020		100,134,441	99,756,651	99.6	160,954
2021		100,559,910	100,235,033	99.7	181,484
2022		102,142,062	101,800,534	99.7	N/A
2023	(1)	124,897,890	N/A	N/A	N/A

Reconciliation of current tax collections with property tax revenue

Collections on property tax levy collectible in 2022		$ 101,800,534
Less tax shift allocation of the levy collectible in 2022 to fiscal year 2022	(2)	(4,972,877)
Add tax shift allocation of the referendum levy collectible in 2023 to fiscal year 2023	(2)	2,984,792
Property tax delinquencies, abatements, and county apportionment		1,438,269
Total local property tax revenue – fiscal year 2023		$ 101,250,718

N/A – Not Available

(1) Only a portion of calendar year 2023 taxes are collectible by June 30, 2023. A total of $63,500,000 of 2023 taxes were collected by June 30, 2023.

(2) The state of Minnesota calculates the tax shift allocation based on various portions of the total tax levy.

Source: Hennepin County Department of Property Tax and Public Records

Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	June 30, 2023 Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
$ 81,667,772	100.0 %	$ –	– %
84,020,665	100.0	–	–
84,296,441	99.9	–	–
89,938,201	99.9	–	–
92,371,401	99.6	200,038	0.2
99,465,299	99.9	45,501	–
99,917,605	99.8	92,720	0.1
100,416,517	99.9	143,393	0.1
101,800,534	99.7	341,528	0.3
N/A	N/A	–	N/A
		$ 823,180	

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			
Fiscal Year	General Obligation Bonds and Notes	Certificates of Participation	Financed Purchases	Subscription Liabilities
2014	$ 124,400,000	$ –	$ 95,433	$ –
2015	171,080,000	14,085,000	3,556,372	–
2016	111,020,000	13,425,000	6,731,949	–
2017	148,925,000	12,655,000	4,393,589	–
2018	148,370,000	11,870,000	1,608,641	–
2019	163,665,000	11,060,000	6,031,304	–
2020	146,965,000	10,225,000	4,374,530	–
2021	150,885,000	18,080,000	6,466,474	–
2022	139,030,000	16,665,000	5,759,602	–
2023	138,720,000	15,250,000	8,444,487	749,099

N/A – Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

Unamortized Premiums (Discounts) on Debt Issued	Total Government	Percentage of Personal Income (1)	Per Capita (1)
$ 5,285,194	$ 129,780,627	1.5 %	$ 923
10,602,876	199,324,248	2.3	1,402
8,901,279	140,078,228	1.5	963
9,350,798	175,324,387	1.8	1,184
6,980,144	168,828,785	1.7	1,141
7,455,402	188,211,706	1.8	1,258
5,547,562	167,112,092	1.5	1,109
4,845,267	180,276,741	1.5	1,175
4,368,007	165,822,609	N/A	1,060
4,836,100	167,999,686	N/A	1,074

INDEPENDENT SCHOOL DISTRICT NO. 279

Ratio of Net Bonded Debt to
Tax Capacity and Legal Debt Margin
Last Ten Fiscal Years

June 30,	Outstanding Bonded Debt	Unamortized Premiums (Discounts)	Balance on Hand – Debt Service Fund	Net Bonded Debt	Taxable Tax Capacity
2014	$ 124,400,000	$ 5,285,194	$ 3,813,947	$ 125,871,247	$ 117,564,467
2015	185,165,000	10,602,876	51,033,469	144,734,407	129,670,410
2016	124,445,000	8,901,279	2,951,458	130,394,821	138,751,338
2017	161,580,000	9,350,798	4,105,000	166,825,798	148,005,528
2018	160,240,000	6,980,144	16,589,246	150,630,898	181,355,805
2019	174,725,000	7,455,402	5,842,002	176,338,400	193,705,139
2020	157,190,000	5,547,562	3,509,367	159,228,195	212,201,535
2021	168,965,000	4,845,267	4,729,348	169,080,919	224,913,697
2022	155,695,000	4,368,007	4,304,441	155,758,568	238,096,648
2023	153,970,000	4,836,100	4,028,370	154,777,730	287,031,360

(1) District population is based upon an annual school district census and the U.S. Census. This information is certified to the state and is subsequently used in determining community education revenue.

Note: The legal debt limit for a school district in Minnesota is 15 percent of the actual value of all taxable property within the District. As of June 30, 2023, the legal debt limit was $3,648,220,796. As of June 30, 2023, outstanding bonded debt was $153,970,000, leaving a margin of $3,494,250,796 applicable to the limit.

Source: Hennepin County Department of Property Tax and Public Records

Ratio of Net Debt to Tax Capacity Value	Estimated Population (1)	Net Debt per Capita
107.1 %	140,680	$ 895
111.6	142,167	1,018
94.0	145,451	896
112.7	148,029	1,127
83.1	148,029	1,018
91.0	149,640	1,178
75.0	150,674	1,057
75.2	153,405	1,102
65.4	156,387	996
53.9	156,387	990

Osseo Area Schools

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INDEPENDENT SCHOOL DISTRICT NO. 279

Direct and Overlapping Debt
as of June 30, 2023

Taxing Unit	Tax Collection Calendar Year – 2022 Taxable Net Tax Capacity	General Obligation Bonded Debt (1)	Debt Applicable to Tax Capacity in ISD No. 279 (2) Percent	Amount
Direct debt				
Independent School District No. 279	$ 287,031,360	$ 153,970,000	100.00 %	$ 153,970,000
Overlapping debt				
Hennepin County	2,478,633,845	1,027,985,000	10.48	107,732,828
Cities				
Brooklyn Center	32,169,910	7,255,000	30.91	2,242,521
Brooklyn Park	110,553,228	27,290,000	76.90	20,986,010
Corcoran	16,251,741	8,370,000	12.11	1,013,607
Dayton	17,087,396	4,555,000	23.14	1,054,027
Maple Grove	142,231,584	2,790,000	92.38	2,577,402
Osseo	3,445,179	1,145,000	100.00	1,145,000
Plymouth	179,146,715	60,845,000	13.04	7,934,188
Rogers	31,980,186	4,560,000	2.29	104,424
Other				
Three Rivers Park District	1,786,736,647	53,865,000	14.54	7,831,971
Hennepin Regional RR Authority	2,478,633,845	86,235,000	10.48	9,037,428
Metropolitan Council	4,554,017,275	218,520,000	5.71	12,477,492
Total overlapping debt				174,136,898
Total direct and debt outstanding				$ 328,106,898

(1) Excludes tax and aid anticipation debt, revenue debt, and general obligation debt supported by revenue.

(2) The percent overlap is based on the percentage of tax capacity of the individual entities in the District.

Source: Hennepin County Department of Property Tax and Public Records

INDEPENDENT SCHOOL DISTRICT NO. 279

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Debt limit	$ 1,783,879,819	$ 1,942,619,831	$ 2,046,404,386	$ 2,178,203,956
Total net debt applicable to the limit	124,400,000	185,165,000	124,445,000	161,580,000
Legal debt margin	$ 1,659,479,819	$ 1,757,454,831	$ 1,921,959,386	$ 2,016,623,956
Total net debt applicable to the limit as a percentage of debt limit	6.97%	9.53%	6.08%	7.42%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 15 percent of total market property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: Hennepin County Department of Property Tax and Public Records

2018	2019	2020	2021	2022	2023
$ 2,350,372,780	$ 2,521,110,069	$ 2,728,488,229	$ 2,899,191,746	$ 3,068,083,391	$ 3,648,220,796
150,305,000	167,045,000	152,080,000	166,325,000	155,695,000	153,970,000
$ 2,200,067,780	$ 2,354,065,069	$ 2,576,408,229	$ 2,732,866,746	$ 2,912,388,391	$ 3,494,250,796
6.39%	6.63%	5.57%	5.74%	5.07%	4.22%

Legal Debt Margin Calculation for Fiscal Year 2023	
Market value	$24,321,471,975
Debt limit (15% of market value)	3,648,220,796
Debt applicable to the limit	
General obligation bonds and notes payable	153,970,000
Legal debt margin	$ 3,494,250,796

INDEPENDENT SCHOOL DISTRICT NO. 279

Deferred Tax Levies for Future Bond Debt Service
as of June 30, 2023

Tax Collection Calendar Year		Deferred Tax Levies
2024		$ 11,373,088
2025		13,228,543
2026		13,770,553
2027		14,582,728
2028		12,474,696
2029		12,198,231
2030		15,312,806
2031		14,660,678
2032		13,493,222
2033		13,152,431
2034		11,423,449
2035		11,508,919
2036		10,167,773
2037		3,432,555
	Total amount to be levied in future years	170,779,672
2023	Amount levied for collection in 2023 and included in property taxes levied for subsequent year at June 30, 2023	12,017,045
	Total deferred tax levies for future bond debt service	$ 182,796,717

Note: These levies are subject to reduction based on excess fund balance limitations in accordance with Minnesota Statutes § 475.61.

Source: Debt service levy schedules in the various bond issues of the District

INDEPENDENT SCHOOL DISTRICT NO. 279

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (1)	Unemployment Rate (3)
2014	140,680	$ 8,557,283,040	$ 60,828	37.6	20,581	4.2 %
2015	142,167	8,742,133,164	61,492	37.7	20,373	3.7
2016	145,451	9,194,975,867	63,217	37.8	20,307	3.9
2017	148,029	9,725,357,271	65,699	37.9	20,659	3.4
2018	148,029	10,126,811,919	68,411	37.8	20,968	2.9
2019	149,640	10,670,229,840	71,306	37.8	21,073	3.2
2020	150,674	11,056,759,468	73,382	38.1	21,030	6.2
2021	153,405	11,920,488,930	77,706	36.9	20,254	3.4
2022	156,387	N/A	N/A	N/A	20,403	2.9
2023	156,387	N/A	N/A	N/A	20,441	N/A

N/A – Not Available

Data sources:

(1) District population is based upon an annual school district census and the U.S. Census. This information is certified to the state and is subsequently used in determining community education revenue.

(2) United States Census Bureau

(3) United States Department of Agriculture/Economic Research Service

Principal Employers
Current Year and Nine Years Ago

Employer	2023 Employees	2023 Rank	2014 Employees	2014 Rank
Target Corporation	4,000	1	1,500	3
Independent School District No. 279	3,072	2	2,895	1
Boston Scientific SciMed, Inc.	3,000	3	2,800	2
Teleflex	1,900	4	–	–
United Parcel Service	700	5	664	7
Caterpillar Paving Products	660	6	–	–
North Hennepin Community College	610	7	500	9
City of Maple Grove	569	8	–	–
LSC Communications	540	9	–	–
Hy-Vee	500	10	–	–
Medtronic	–	–	901	4
Prudential Insurance Company	–	–	848	5
Fairview Hospital	–	–	760	6
Walmart	–	–	644	8
Data Recognition Company	–	–	457	10
Total	15,551		11,969	

Note: Total employment information is not readily available.

Source: City of Brooklyn Park and City of Maple Grove

Building Permits Issued by Major Cities
Last Ten Fiscal Years

	Total Permits		New Residential Permits (1)	
Calendar Year	Number	Value	Number	Value
City of Brooklyn Park				
2013	1,772	$ 114,821,218	168	$ 36,561,609
2014	1,885	164,344,704	140	26,375,881
2015	2,036	149,524,929	142	35,840,775
2016	2,090	106,842,092	137	34,560,904
2017	9,276	177,855,967	109	24,237,813
2018	5,229	86,228,879	124	24,245,774
2019	2,937	97,427,930	100	22,206,367
2020	3,576	46,806,577	54	14,649,647
2021	95	184,699,474	74	22,619,841
2022	24	52,711,533	16	4,542,890
City of Maple Grove				
2013	2,110	$ 202,041,119	265	$ 127,675,752
2014	2,252	193,572,052	278	106,325,973
2015	2,942	141,804,368	192	85,682,575
2016	2,707	122,799,224	160	53,515,660
2017	4,442	182,060,428	267	70,042,713
2018	3,235	249,148,637	291	75,651,747
2019	7,145	263,658,791	236	60,035,556
2020	8,253	221,898,151	171	45,459,106
2021	4,315	159,271,769	296	79,731,130
2022	2,757	260,061,834	250	62,014,631

(1) Includes single-family, duplexes, quad homes, townhomes, multi-unit, and condominiums; excludes apartment buildings.

Note: The District includes portions of eight municipalities. The table above includes the two largest municipalities within the District and is representative of growth in the area. These cities maintain building permit information on a calendar year basis.

Source: Hennepin County Department of Property Tax and Public Records

Employees by Classification
Last Ten Fiscal Years

	Employees			
Year Ended June 30,	Administrators/ Management (1)	Teachers	Clerical	Educational Support Professionals
2014	137	1,482	110	738
2015	149	1,510	109	811
2016	148	1,543	108	775
2017	155	1,567	106	808
2018	150	1,592	108	829
2019	157	1,569	112	830
2020	167	1,571	108	797
2021	168	1,612	111	733
2022	170	1,601	112	687
2023	176	1,638	116	674
Percent increase (decrease) over 10 years	28.5%	10.5%	5.5%	(8.7%)

(1) Superintendent, school executives, principals, assistant principals, principals on special assignment, directors, assistant directors, coordinators, managers, supervisors, secondary school building business managers, student management specialist, and other managerial positions.

(2) Confidential support specialist, equity staff, hourly technical staff, Kidstop instructors, registered nurses and licensed practical nurses, salaried professionals, and School Board members.

Note: Other employees include Kidstop instructors after fiscal 2019.

Source: The District’s Human Resources Department

Food Service	Custodians	Other Employees (2)	Total Employees	Total Students (ADM)
161	142	125	2,895	20,581
156	147	130	3,012	20,373
161	162	128	3,025	20,307
157	172	120	3,085	20,659
159	165	143	3,146	20,968
161	173	138	3,140	21,073
139	158	208	3,148	21,030
117	159	196	3,096	20,254
110	161	213	3,054	20,403
106	164	198	3,072	20,441
(34.2%)	15.5%	58.4%	6.1%	(0.7%)

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Total population	140,680	142,167	145,451	148,029
Percent of staff with degrees				
Bachelor's	100%	100%	100%	100%
Master's	74%	73%	72%	72%
ACT information				
Average ACT score	22.3	22.3	20.3	20.3
Percent of students taking ACT	65%	73%	84%	92%
National Merit Scholarship Program				
Commended	11	11	6	–
Finalists and semifinalists	2	1	2	5
AP Scholars	150	149	164	165

N/A – Not Available

Source: The District's Division of Leadership, Teaching, and Learning

2018	2019	2020	2021	2022	2023
148,029	149,640	150,674	153,405	156,387	156,387
100%	100%	100%	100%	100%	100%
71%	71%	72%	77%	77%	77%
19.9	19.9	20.0	19.7	19.5	19.4
90%	87%	88%	70%	77%	82%
6	4	N/A	5	5	1
3	7	7	4	3	1
201	152	199	213	135	260

INDEPENDENT SCHOOL DISTRICT NO. 279

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Capital assets				
Land	$ 8,323,417	$ 8,323,417	$ 8,323,417	$ 8,323,417
Land improvements	29,488,070	30,394,387	31,479,888	32,672,400
Buildings	398,977,319	406,467,020	428,532,037	443,751,224
Equipment	8,573,540	8,798,928	10,098,560	10,744,070
Technology subscriptions	–	–	–	–
Construction in progress	2,513,199	17,292,480	6,655,427	6,699,868
Total capital assets	$ 447,875,545	$ 471,276,232	$ 485,089,329	$ 502,190,979
Capital assets by function and activity				
Administration	$ 19,095	$ 19,095	$ 19,095	$ 19,095
District support services	111,389,026	111,399,374	111,381,071	111,333,954
Elementary and secondary regular instruction	983,647	983,647	1,155,256	1,172,513
Vocational education instruction	64,681	64,681	64,681	64,681
Special education instruction	297,094	297,094	297,094	297,094
Instructional support services	1,336,797	1,371,261	1,460,404	1,460,404
Pupil support services	59,647	59,647	59,647	59,647
Food service	5,256,134	5,462,112	5,485,642	5,546,180
Sites and buildings	327,331,102	350,463,871	364,010,989	381,019,401
Community service	1,138,322	1,155,450	1,155,450	1,218,010
Total capital assets by function and activity	$ 447,875,545	$ 471,276,232	$ 485,089,329	$ 502,190,979

Source: The District’s Business Services Department

2018	2019	2020	2021	2022	2023
$ 8,323,417	$ 8,973,417	$ 8,973,417	$ 8,973,417	$ 8,973,417	$ 8,973,417
30,897,771	31,988,651	36,093,707	40,328,214	37,176,812	37,667,489
456,522,719	493,392,348	523,127,725	540,626,000	562,770,022	573,440,827
9,658,055	10,605,589	11,271,723	12,731,843	15,816,586	22,548,298
–	–	–	–	–	2,205,437
22,797,439	11,214,268	9,853,572	10,357,558	10,156,191	19,956,710
$ 528,199,401	$ 556,174,273	$ 589,320,144	$ 613,017,032	$ 634,893,028	$ 664,792,178
$ 19,095	$ 19,095	$ 19,095	$ 31,895	$ 31,895	$ 31,895
107,606,898	107,687,623	107,736,578	107,754,573	105,976,355	105,620,452
897,678	913,783	967,749	1,001,051	1,205,477	2,285,937
48,341	61,879	137,994	150,117	168,566	220,674
272,402	272,402	338,921	346,266	502,877	515,535
1,084,157	1,254,477	1,254,477	1,500,074	1,506,156	2,761,466
54,438	34,467	48,367	123,025	135,025	248,914
5,573,434	5,817,182	6,061,702	6,569,632	6,945,186	7,205,824
411,379,171	438,844,431	471,342,481	494,010,262	516,853,610	544,134,876
1,263,787	1,268,934	1,412,780	1,530,137	1,567,881	1,766,605
$ 528,199,401	$ 556,174,273	$ 589,320,144	$ 613,017,032	$ 634,893,028	$ 664,792,178

INDEPENDENT SCHOOL DISTRICT NO. 279

Average Class Size
Last Ten Fiscal Years

Year Ended June 30,	ISD No. 279 Staffing Ratio
2014	27.63
2015	26.47
2016	26.30
2017	25.60
2018	25.46
2019	25.54
2020	25.69
2021	25.39
2022	26.01
2023	25.56

Note: This is the government-wide teacher staffing ratio for regular instructional classrooms.

Source: The District's Division of Leadership, Teaching, and Learning

INDEPENDENT SCHOOL DISTRICT NO. 279

School Facilities
as of June 30, 2023

Facility	Use	Constructed	Acres	Square Footage		Enrollment (1)
Arbor View Early Childhood Center	School	1983/2001	5.00	27,000	(2)	183
Basswood Elementary	School	1995/2002	36.00	102,648		872
Birch Grove Elementary School for the Arts	School	1966/1991/2004	15.00	74,314		420
Cedar Island Elementary	School	1970	23.16	66,871		432
Crest View Elementary	School	1960/1990/1999/2003	16.00	59,208		231
Edinbrook Elementary	School	1988/2002	20.00	106,406		693
Elm Creek Elementary	School	1980	15.00	84,300		527
Fair Oaks Elementary	School	1962/1991/2004	13.16	75,129		356
Fernbrook Elementary	School	1988/2003	43.00	105,440		895
Garden City Elementary	School	1959/1994/2004	10.00	55,153		318
Oak View Elementary	School	1991	22.00	98,600		486
Palmer Lake Elementary	School	1964/1991/2005	15.00	74,463		462
Park Brook Elementary	School	1959/1994/2004	10.00	55,011		285
Rice Lake Elementary	School	1980/2022	15.42	103,597		632
Rush Creek Elementary	School	1995/2002	29.00	102,648		775
Weaver Lake Elementary: A Science, Math, and Technology School	School	1991	29.08	98,600		633
Willow Lane Early Childhood Center	School	1956/1957/1987	11.10	42,796	(2)	–
Woodland Elementary	School	2002	19.00	101,555		629
Zanewood Community School: A Science, Technology, Engineering, Arts and Math School	School	1967/2002	9.21	81,843		305
Brooklyn Middle School: A Science, Technology, Engineering, Arts and Math School	School	1963/1969/1980/2003	28.57	176,104		987
Maple Grove Middle School	School	1990/2003	46.62	275,680		1,596
North View Middle School	School	1970/1986/2002/2007	26.04	186,448		402
Osseo Middle School	School	1966/1969/2002/2004	19.89	194,507		1,152
Maple Grove Senior High	School	1996/2002/2004/2015	110.00	351,718		2,287
Osseo Senior High	School	1952/1957/1960/1962/1964/ 1966/1975/1988/2002/2015	43.63	413,610		2,185
Park Center Senior High: An International Baccalaureate World School	School	1964/1966/1971/1975/1987/ 1988/2002/2003/2015	31.00	414,774		1,839
Osseo Area Learning Center	School	1973/2000	5.00	47,108		166
Educational Service Center/ warehouse/maintenance	Office/maintenance/ warehouse	1969/1975/1980/2005	17.76	121,100		–
New ice arena	Sports	1990/2005	3.62	32,640		–
Old ice arena	Sports	1974	–	34,840		–
Adult Education Center	Adult education	2005	–	25,538		–
Osseo Education Center	Special education	1954/1957/1987/2005	11.00	46,144		76
Timberland Properties	CBVAT	Leased	–	12,249		–
Total				3,848,042		19,824

(1) Enrollment is defined as the adjusted ADM served, excluding resident students tuitioned out to other Minnesota school districts.

(2) Beginning in fiscal year 2016, both of these sites have been combined on MARSS.

Source: The District’s Operations Department

INDEPENDENT SCHOOL DISTRICT NO. 279

Food Service
School Lunch Program Data
Last Ten Fiscal Years

Year Ended June 30,		Average Daily Attendance (1)	Total National School Lunch Program Lunches Served	Days	Average Daily Participation	Participation as a Percentage of Average Daily Attendance
2014		19,964	2,422,337	168	14,419	72.2 %
2015		19,762	2,510,507	171	14,681	74.3
2016		19,698	2,520,404	172	14,654	74.4
2017		20,039	2,483,812	172	14,441	72.1
2018		20,339	2,483,599	170	14,609	71.8
2019		20,441	2,388,829	166	14,391	70.4
2020	(2)	20,399	1,636,020	118	13,865	68.0
2021	(2)	19,646	N/A	N/A	N/A	N/A
2022	(3)	19,791	N/A	N/A	N/A	N/A
2023		19,828	2,138,104	167	12,803	64.6

N/A – Not Available

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 97 percent of enrollment.

(2) Due to the COVID-19 pandemic, the National School Lunch Program operated under the Summer Food Service Program for Children beginning in March of 2020.

(3) Due to the COVID-19 pandemic, the National School Lunch Program operated under the Seamless Summer Option for Children during fiscal year 2022.

Source: The District’s Food and Nutrition Department

Free Lunch		Reduced-Priced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
964,628	39.8 %	230,208	9.5 %
1,002,132	39.9	261,655	10.4
1,011,298	40.1	253,216	10.0
1,017,620	41.0	260,112	10.5
994,992	40.1	271,193	10.9
882,352	36.9	291,159	12.2
573,898	35.1	204,719	12.5
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
926,390	43.3	201,434	9.4

INDEPENDENT SCHOOL DISTRICT NO. 279

Students
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (For Students Served or Tuition Paid) Early Childhood and Kindergarten – Handicapped	Kindergarten	Grade 1–6	Grade 7–12	Total Number	Total Percent Increase (Decrease)
2014	342	1,523	9,495	9,221	20,581	0.2
2015	383	1,432	9,397	9,161	20,373	(1.0)
2016	366	1,400	9,307	9,234	20,307	(0.3)
2017	514	1,357	9,237	9,551	20,659	1.7
2018	541	1,370	9,437	9,620	20,968	1.5
2019	544	1,427	9,353	9,749	21,073	0.5
2020	548	1,409	9,343	9,730	21,030	(0.2)
2021	488	1,216	8,818	9,732	20,254	(3.7)
2022	523	1,316	8,832	9,732	20,403	0.7
2023	524	1,292	8,843	9,782	20,441	0.2

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

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

	Early Childhood	Handicapped Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–3	Elementary 4–6
Fiscal 2014	1.250	1.000	0.612	0.612	1.115	1.060
Fiscal 2015 through 2023	1.000	1.000	1.000	1.000	1.000	1.000

Note 3: Beginning in fiscal year 2015, the District offered only all-day kindergarten programming; therefore, a 1.0 weighting factor applied to kindergarten students served per MDE guidance.

Source: Minnesota Department of Education

Total Pupil Units	
Number	Percent Increase (Decrease)
23,644	–
22,205	(6.1)
22,153	(0.2)
22,569	1.9
22,891	1.4
23,023	0.6
22,976	(0.2)
22,200	(3.4)
22,349	0.7
22,397	1.0

Secondary 7–12
1.300
1.200

OSSEO AREA SCHOOLS

ISD 279

Our Mission

is to inspire and prepare each and every scholar with the confidence, courage and competence to achieve their dreams; contribute to community; and engage in a lifetime of learning.

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

FORM OF LEGAL OPINION

Independent School District No. 279
Maple Grove, Minnesota

[Purchaser]
[City, State]

Re: $[PAR] General Obligation School Building and Facilities Maintenance Bonds, Series 2024A
Independent School District No. 279 (Osseo Area Schools)
Hennepin County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 279 (Osseo Area Schools), Hennepin County, Minnesota (the District), of the obligations described above, dated, as originally issued, as of [closing date], 2024 (the Bonds), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the District in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

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

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

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

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

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

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

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

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

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

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

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 [__]th day February, 2024.

Very truly yours,

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX D

FORM OF CONTINUING DISCLOSURE COVENANTS (EXCERPTS FROM 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, 2024, the following financial information and operating data in respect of the District (the Disclosure Information):

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

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

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

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

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

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

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

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

(I) defeasances;

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

(K) rating changes;

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

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

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

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

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

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

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

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

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

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

(c) Manner of Disclosure.

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

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

(d) Term; Amendments; Interpretation.

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

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

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

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

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

APPENDIX E

TERMS OF PROPOSAL

$238,350,000* GENERAL OBLIGATION SCHOOL BUILDING AND FACILITIES MAINTENANCE BONDS, SERIES 2024A INDEPENDENT SCHOOL DISTRICT NO. 279 (OSSEO AREA SCHOOLS), MINNESOTA

Proposals for the purchase of $238,350,000* General Obligation School Building and Facilities Maintenance Bonds, Series 2024A (the "Bonds") of Independent School District No. 279 (Osseo Area Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 09:30 A.M. Central Time, on February 6, 2024, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, Section 123B.595, as amended, and a special election held November 7, 2023, by the District, for the purposes of financing the acquisition and betterment of school sites and facilities in the District facility maintenance projects included in the District's ten-year facility plan approved by the Commissioner of Education. 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 February 29, 2024, will be issued as fully registered Bonds in the denomination of $5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2025	$4,550,000	2032	$11,770,000	2039	$18,835,000
2026	10,210,000	2033	14,630,000	2040	6,050,000
2027	4,800,000	2034	16,675,000	2041	6,150,000
2028	7,500,000	2035	18,470,000	2042	6,310,000
2029	11,135,000	2036	20,085,000	2043	6,320,000
2030	11,375,000	2037	21,910,000	2044	2,000,000
2031	9,810,000	2038	29,765,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

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

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

DELIVERY

On or about February 29, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

SUBMISSION OF PROPOSALS

Proposals must not be for less than $238,350,000 plus accrued interest on the principal sum of $238,350,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

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

2) Electronically via **PARITY** in accordance with this Terms of Proposal until 9:30 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact 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 $4,767,000 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 Bonds shall not be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the 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 Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of $10.00 per copy.

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

By Order of the School Board

Independent School District No. 279
(Osseo Area Schools), Minnesota

PROPOSAL FORM

The School Board **February 6, 2024**
Independent School District No. 279 (Osseo Area Schools), Minnesota (the "District")

RE: **$238,350,000* General Obligation School Building and Facilities Maintenance Bonds, Series 2024A (the "Bonds")**
DATED: **February 29, 2024**

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you $__________________ (not less than $238,350,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due	2025	________	% due	2032	________	% due	2039
________	% due	2026	________	% due	2033	________	% due	2040
________	% due	2027	________	% due	2034	________	% due	2041
________	% due	2028	________	% due	2035	________	% due	2042
________	% due	2029	________	% due	2036	________	% due	2043
________	% due	2030	________	% due	2037	________	% due	2044
________	% due	2031	________	% due	2038			

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

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of $4,767,000 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 February 29, 2024.

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

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

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

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

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

Account Manager: ______________________ By: ______________________
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from February 29, 2024 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. 279 (Osseo Area Schools), Minnesota, on February 6, 2024.

By: ______________________ By: ______________________

Title: ______________________ Title: ______________________