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

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 4, 2018

Interest on the Bonds is includable in gross income of the recipient for United States and State of Minnesota income tax purposes according to present federal and Minnesota laws, regulations, rulings and decisions.

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

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

INDEPENDENT SCHOOL DISTRICT NO. 300 (LA CRESCENT-HOKAH), MINNESOTA

(Houston and Winona Counties)

(Minnesota School District Credit Enhancement Program)

$835,000* GENERAL OBLIGATION TAXABLE OPEB REFUNDING BONDS, SERIES 2018A

PROPOSAL OPENING: October 17, 2018, 11:00 A.M., C.T. **CONSIDERATION**: October 17, 2018, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $835,000* General Obligation Taxable OPEB Refunding Bonds, Series 2018A (the "Bonds") are authorized pursuant to Minnesota Statutes, Chapter 475, and Sections 475.52, Subdivision 6 and 475.67, by Independent School District No. 300 (La Crescent-Hokah), Minnesota (the "District"), for the purpose of effecting a current refunding of certain outstanding general obligations of the District as more fully described herein. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: November 8, 2018

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2020	$120,000	2022	$140,000	2024	$145,000
2021	135,000	2023	140,000	2025	155,000

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2019 and semiannually thereafter.

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

MINIMUM PROPOSAL: $818,300

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $16,700 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Dorsey & Whitney LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers & 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 & Associates, Inc., payable entirely by the District, is contingent upon the sale of the issue.

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 & 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 Bonds are exempt or 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.

TABLE OF CONTENTS

LA CRESCENT-HOKAH SCHOOL BOARD

		Term Expires
Nate Byom	Chairperson	January 2019
Wade Welper	Vice Chairperson	January 2019
Jill Rodeberg	Clerk	January 2021
Kent Summerfield	Treasurer	January 2019
Aaron Abnet	Member	January 2021
Chrissie Alioto	Member	January 2021
Eric Morken	Member	January 2021

ADMINISTRATION

Kevin Cardille, Superintendent of Schools
Kristen Nickelatti, Business Manager

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel and District Attorney, Minneapolis, Minnesota

Ehlers & Associates, Inc., Municipal Advisors, Roseville, Minnesota
(*Other offices located in Waukesha, Wisconsin; Chicago, Illinois; and Denver, Colorado*)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 300 (La Crescent-Hokah), Minnesota (the "District") and the issuance of its $835,000* General Obligation Taxable OPEB Refunding Bonds, Series 2018A (the "Bonds" or the "Obligations"). 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 sale of the Bonds ("Award Resolution") to be adopted by the Board of Education on October 17, 2018.

Inquiries may be directed to Ehlers & 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 link to the Bond Sales and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of November 8, 2018. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2019, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

OPTIONAL REDEMPTION

The Bonds are being offered without option of prior redemption.

*Preliminary, subject to change.

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, and Section Section 475.52, Subdivision 6, and Section 475.67, by the District, for the purpose of effecting a current refunding of the District's $1,620,000 General Obligation Taxable OPEB Bonds, Series 2009B (the "Series 2009B Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 502570
Series 2009B Bonds	8/1/09	2/1/19	Par	2020	5.00%	$115,000	GR9
				2021	5.20%	125,000	GS7
				2022	5.30%	130,000	GT5
				2023	5.40%	135,000	GU2
				2024	5.45%	145,000	GV0
				2025	5.50%	155,000	GW8
Total Series 2009B Bonds Being Refunded						$805,000	

Proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. The District will pay the principal and interest payment due on February 1, 2019 from the Debt Service Fund for the Series 2009B Bonds.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount	$835,000	
Total Sources		**$835,000**
Uses		
Total Underwriter's Discount (1.000%)	$8,350	
Costs of Issuance	24,015	
Deposit to Current Refunding Fund	801,212	
Rounding Amount	1,423	
Total Uses		**$835,000**

*Preliminary, subject to change

SECURITY

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

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a rating from Moody's Investors Service ("Moody's"). Moody's has a policy which assigns a minimum rating of "Aa2" to issuers participating in the MNCEP. The "Aa2" rating is based on the State of Minnesota's current "Aa1" rating from Moody's. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS" for further details.

The District currently has an"A1" underlying rating from Moody's, however, it will not be requesting an underlying rating on this issue.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on September 19, 2018 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

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

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

The Law also requires, after receipt of a notice which requests a payment pursuant to the Law, after consultation with the Paying Agent and District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. The State Payment Law provides that "upon receipt of this notice . . . the Commissioner of Management and Budget shall issue a warrant 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 purposes of subdivision are annually appropriated to the Department of Education from the state general fund."

The Law requires that all amounts paid by the State on behalf of any School District are required to be repaid by 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 7, 2018, for General Obligation State Bonds, Series 2018A, 2018B, and 2018C, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts.

"As the date of this Official Statement, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2046, is approximately $13.1 billion. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of the date of this Official Statement is $901.2 million, with the maximum amount of principal and interest payable in any one month being $833.5 million. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.

The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under 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 the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (hereinafter the "Rule"), the District shall covenant to take certain actions pursuant to a Resolution adopted by the Board of Education by entering into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the District to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for this issue are set forth in Appendix D to be executed and delivered by the District at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

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.

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

The District will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently engaged as disclosure 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, Minneapolis, Minnesota, bond counsel to the District.

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the section entitled "Taxability of Interest" in the Official Statement and the "Form of Legal Opinion" found in the Appendix B) and has not performed any investigation as to its accuracy, completeness or sufficiency.

TAXABILITY OF INTEREST

Interest on the Bonds is included in (a) gross income for federal income tax purposes, (b) net investment income for purposes of the new 3.8% unearned income Medicare contribution tax imposed by Section 1411 of the Code on certain individuals, estates and trusts with income exceeding specified amounts, (c) taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (d) taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions.

No other opinion has been obtained or is given regarding the federal, state or local tax consequences of the purchase, ownership, retirement or disposition of the Bonds. Prospective purchasers or bondholders should consult with their own tax advisors concerning such tax issues, including, without limitation, anticipated and potential changes in tax rates on interest income, the treatment of interest in jurisdictions other than Minnesota, the calculation and timing of the inclusion of interest in income, the tax consequences of dispositions of Bonds at a gain or loss and the determination of the amount thereof, rules applicable if Bonds are issued or acquired at a premium or discount from their face amount (including without limitation the possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness or continued to purchase or hold Bonds, and the amortization of market premium).

Interest payments and proceeds of the sale, exchange, redemption or retirement of Bonds, are expected to be reported to the Internal Revenue Service to the extent required by law. A backup withholding tax might apply to payments to bondholders under circumstances described in section 3406 of the Code, including without limitation failure of the bondholder to provide the bondholder's tax identification number or certain other information. Payments to bondholders who are not U.S. residents or which are foreign entities might also be subject to tax withholding in certain circumstances.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

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

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.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2017 have been audited by Hill, Larson & Walth, P.A., Austin, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

Taxes: The Bonds are general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service. 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.

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

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

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

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

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

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

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

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	**2015/16**	**2016/17**	**2017/18**
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 $2,140,000 - 0.50% [2] Over $2,140,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $2,050,000 - 0.50% [2] Over $2,050,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,940,000 - 0.50% [2] Over $1,940,000 - 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 $106,000 - .75% Over $106,000 - .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 $115,000 - .75% Over $115,000 - .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 $121,000 - .75% Over $121,000 - .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

2017/18 Economic Market Value	$906,560,972[1]

2017/18 Assessor's Estimated Market Value

	Houston County	Winona County	Total
Real Estate	$ 684,338,400	$ 128,351,600	$ 812,690,000
Personal Property	9,335,400	0	9,335,400
Total Valuation	$ 693,673,800	$ 128,351,600	$ 822,025,400

2017/18 Net Tax Capacity

	Houston County	Winona County	Total
Real Estate	$ 6,078,770	$ 1,132,981	$ 7,211,751
Personal Property	184,510	0	184,510
Net Tax Capacity	$ 6,263,280	$ 1,132,981	$ 7,396,261
Less: Captured Tax Increment Tax Capacity[2]	(48,343)	0	(48,343)
Taxable Net Tax Capacity	$ 6,214,937	$ 1,132,981	$ 7,347,918

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for Independent School District No. 300 (La Crescent-Hokah) is about 91.73% 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 $906,560,972.

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

2017/18 NET TAX CAPACITY BY CLASSIFICATION

	2017/18 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$4,753,977	64.28%
Agricultural	919,833	12.44%
Commercial/industrial	580,457	7.85%
Public utility	17,147	0.23%
Railroad operating property	82,180	1.11%
Non-homestead residential	687,910	9.30%
Commercial & residential seasonal/rec.	170,247	2.30%
Personal property	184,510	2.49%
Total	$7,396,261	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Taxable Net Tax Capacity[2]	Percent +/- in Estimated Market Value
2013/14	$ 753,043,200	$ 670,977,100	$6,736,920	$6,664,099	+1.58%
2014/15	780,176,800	692,866,800	6,915,830	6,837,745	+3.60%
2015/16	781,265,100	695,338,500	6,953,670	5,975,302	+0.14%
2016/17	807,415,700	722,157,300	7,263,598	7,203,032	+3.35%
2017/18	822,025,400	735,459,600	7,396,261	7,347,918	+1.81%

1 Net Tax Capacity includes tax increment values.

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

LARGER TAXPAYERS[1]

Taxpayer	Type of Property	2017/18 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Minnesota Energy Resources Corp.	Utility	$ 99,874	1.35%
Xcel Energy	Utility	69,878	0.94%
Soo Line Railroad Company	Railroad	69,384	0.94%
Great River Investment LLC	Apartments	63,988	0.87%
WB Properties LLP	Commercial	50,508	0.68%
Weber Joint Rev. Trust	Agricultural	32,885	0.44%
Gundersen Clinic Ltd.	Commercial	31,486	0.43%
Individual	Residential	30,617	0.41%
La Crescent Sate Bank	Commercial	24,630	0.33%
Dru Holdings LLC	Commercial	24,236	0.33%
Total		$497,486	6.73%

District's Total 2017/18 Net Tax Capacity $7,396,261

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

[1] In 2017, the estimated median commercial and industrial sales ratio used to equalize utility values in Houston County dropped below 90% to 89.94%, thereby resulting in lower valuations for this classification of property. Depreciation may also have affected the decrease in valuations.

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total g.o. debt being paid from taxes (includes the Bonds)*	$ 1,935,000

*Preliminary, subject to change.

STATE AID FOR DEBT SERVICE

The Minnesota Debt Service Equalization program provides state aid to finance a portion of the principal and interest payments on most school district bonds. Bonds not eligible for the program include all alternative facilities bonds, facilities maintenance bonds, capital facilities bonds and OPEB bonds, as well as building bonds with relatively short maturities.

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 300 (LA CRESCENT-HOKAH)

Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Taxes
(As of 11/1/18)

	Building Series 2009A		Taxable OPEB Series 2009B		OPEB Refunding 1) Series 2018A							
Dated Amount	3/1/09 $6,165,000		8/1/09 $1,620,000		11/8/18 $835,000*							
Maturity	2/1		2/1		2/1							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2019	655,000	15,269	110,000	24,041	0	0	765,000	39,310	804,310	1,170,000	39.53%	**2019**
2020	335,000	10,888			120,000	31,391	455,000	42,279	497,279	715,000	63.05%	**2020**
2021					135,000	22,210	135,000	22,210	157,210	580,000	70.03%	**2021**
2022					140,000	18,295	140,000	18,295	158,295	440,000	77.26%	**2022**
2023					140,000	14,095	140,000	14,095	154,095	300,000	84.50%	**2023**
2024					145,000	9,755	145,000	9,755	154,755	155,000	91.99%	**2024**
2025					155,000	5,115	155,000	5,115	160,115	0	100.00%	**2025**
	990,000	26,156	110,000	24,041	835,000	100,861	1,935,000	151,059	2,086,059			

*Preliminary, subject to change.

1) This issue is refunding the 2020 through 2025 maturities of the District's $1,620,000 General Obligation Taxable OPEB Bonds, Series 2009B, dated August 1, 2009. The District is responsible for paying the principal and interest on the non-refunded maturities through February 1, 2019 (the "Call Date"), and the principal being refunded on the Call Date. Therefore, the refunded issue has not been included above and has not been included in the calculation of debt ratios.

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of its actual market value. The actual 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:

2017/18 Economic Market Value	$906,560,972
Multiply by 15%	0.15
Statutory Debt Limit	$135,984,146
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes[1]	(990,000)
Unused Debt Limit*	$134,994,146

*Preliminary, subject to change.

OVERLAPPING DEBT[2]

Taxing District	2017/18 Taxable Net Tax Capacity	% In District	Total G.O. Debt[3]	District's Proportionate Share
Houston County	$ 18,360,989	33.8486%	$ 14,100,000	$ 4,772,653
Winona County	47,205,255	2.4001%	955,000	22,921
City of Brownsville	381,952	1.1643%	129,351	1,506
City of Hokah	244,852	100.0000%	900,000	900,000
City of La Crescent	4,045,223	97.7376%	5,023,000	4,909,360
District's Share of Total Overlapping Debt				$10,606,439

1 Does not include the $1,620,000 General Obligation Taxable OPEB Bonds, Series 2009B or the Bonds of this offerning, as they are not subject to the debt limit calculation.

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

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

DEBT PAYMENT HISTORY

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

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value ($906,560,972)	Debt/ Current Population Estimate (8,469)
Direct G.O. Debt Being Paid From Taxes (includes the Bonds)*	$ 1,935,000	0.21%	$228.48
District's Share of Total Overlapping Debt	$ 10,606,439	1.17%	$1,252.38
Total*	$ 12,541,439	1.38%	$1,480.86

*Preliminary, subject to change.

FUTURE FINANCING

The District plans for additional financing in the next 12 months.

LEVY LIMITS

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

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

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date[2]	% Collected
2013/14	$2,160,128	$2,100,107	$2,160,115	100.00%
2014/15	2,310,604	2,249,751	2,308,553	99.91%
2015/16	2,412,511	2,356,600	2,405,171	99.70%
2016/17	2,389,628	2,335,211	2,367,847	99.09%
2017/18	2,994,743	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 This reflects the Final Levy Certification of the District after all adjustments have been made.

2 Collections are through January 1, 2018 for Houston and Winona Counties.

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

TAX CAPACITY RATES[1]

	2013/14	2014/15	2015/16	2016/17	2017/18
I.S.D. No. 300 (La Crescent-Hokah)					
Houston County	63.792%	63.581%	66.492%	68.043%	64.529%
Winona County	38.425%	36.962%	37.399%	38.851%	38.511%
City of Brownsville	37.724%	38.156%	37.661%	35.749%	32.468%
City of Hokah	125.361%	125.082%	123.488%	127.132%	120.719%
City of La Crescent	61.182%	63.235%	64.893%	64.309%	68.450%
Town of Mound Prairie[2]	33.125%	33.344%	32.267%	28.197%	29.621%
Multi County HRA	0.422%	0.400%	0.392%	0.388%	0.369%
Referendum Market Value Rates:					
I.S.D. No. 300 (La Crescent-Hokah)	0.12661%	0.15438%	0.15232%	0.14840%	0.22960%

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

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

2 Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 178, including 81 non-licensed employees and 97 licensed employees (90 of whom are teachers). The District provides education for 1,104 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

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

Public Employees' Retirement Association (PERA)

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

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Licensed	June 30, 2018
Non-licensed	June 30, 2017

Status of Contracts

The contracts which expired on June 30, 2017 and June 30, 2018 are currently in negotiations.

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 74 and 75 (GASB 74/75). The District's most recent actuarial study of its OPEB obligations shows a total OPEB liability of $713,691 as of July 1, 2016. The District has been funding these obligations on a pay-as-you-go basis, but in August of 2009 they issued $1,620,000 in OPEB Bonds to fund an irrevocable trust. The net position of the trust was $416,012 as of June 30, 2017. Future OPEB costs will be paid partially from the trust and partially from operating funds.

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
2014/15	61	494	595	1,150
2015/16	62	510	564	1,136
2016/17	64	485	576	1,125
2017/18	76	468	574	1,118
2018/19	68	457	579	1,104

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2019/20	66	433	588	1,087
2020/21	66	430	573	1,069
2021/22	66	430	570	1,066

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
La Crescent-Hokah Elementary	1950	1988
La Crescent-Hokah Secondary	1964	1967, 2000
District Office	2003	--

FUNDS ON HAND (as of June 30, 2018)

Fund	Total Cash and Investments
General	$2,684,487
Food Service	120,367
Community Service	473,857
Debt Service	491,067
Trust & Agency	514,203
Total Funds on Hand	$ 4,283,980

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District's 2017 audited financial statements.

	FISCAL YEAR ENDING JUNE 30				
COMBINED STATEMENT	**2015 Audited**	**2016 Audited**	**2017 Audited**	**2018 Unaudited[1]**	**2018-19 Adopted Budget[2]**
Revenues					
Local sources					
Property taxes	$ 1,191,043	$ 1,389,395	$ 1,581,621	$ 2,507,481	$ 2,962,658
Earnings on investments	7,402	10,632	5,583	38,688	23,000
Other	537,329	371,662	434,601	0	343,921
Revenues from state sources	10,492,937	10,162,543	10,938,808	10,954,355	11,142,653
Revenues from federal sources	255,681	269,096	207,353	232,022	0
Insurance recovery and other	0	26,760	2,326	271,594	315,275
Total Revenues	$12,484,392	$12,230,088	$13,170,292	$14,004,140	$14,787,507
Expenditures					
Current					
Administration	$ 935,293	$ 787,327	$ 840,996	$ 797,920	$ 886,647
District support services	433,661	355,026	399,851	242,966	286,503
Elementary & secondary regular instruction	5,796,929	5,453,964	5,610,927	5,477,663	6,340,659
Vocational education instruction	165,292	202,130	249,461	219,544	187,133
Special education instruction	2,929,554	2,890,271	3,096,918	3,089,527	3,075,917
Instructional support services	447,450	517,131	366,281	542,532	539,894
Pupil support services	1,112,510	1,112,918	1,042,150	1,067,064	965,728
Sites and buildings	1,086,682	1,261,953	1,252,403	1,349,236	1,293,938
Fiscal and other fixed cost programs	63,053	62,828	64,118	57,470	68,300
Capital Outlay	47,959	0	362,063	0	0
Debt Service	97,726	92,968	58,848	842,658	843,620
Total Expenditures	$13,116,109	$12,736,516	$13,344,016	$13,686,581	$14,488,339
Excess of revenues over (under) expenditures	$ (631,717)	$ (506,428)	$ (173,724)	$ 317,559	$ 299,168
Other Financing Sources (Uses)					
Capital lease proceeds	$ 89,000	$ 84,259	$ 0	$ 0	
Operating transfers in	0	0	0	0	
Operating transfers out	0	0	0	0	
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 0	
Net Change in Fund Balances	$ (542,717)	$ (422,169)	$ (173,724)	$ 317,559	
General Fund Balance July 1	2,544,863	2,002,146	1,579,977	1,406,253	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	$ 2,002,146	$ 1,579,977	$ 1,406,253	$ 1,723,812	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$ 0	$ 20,000	$ 33,390	33,390	
Restricted	716,188	475,637	364,344	73,436	
Assigned	0	0	167,000	167,000	
Unassigned	1,285,958	1,084,340	841,519	1,449,986	
Total	$ 2,002,146	$ 1,579,977	$ 1,406,253	$ 1,723,812	

1 The 2018 unaudited data is as of September 30, 2018.

2 The 2018-19 budget was adopted on April 18, 2018.

GENERAL INFORMATION

LOCATION

The District, with a 2010 U.S. Census population of 8,422 and a current population estimate of 8,469, and comprising an area of 89.3 square miles, is located approximately 4 miles west of La Crosse, Wisconsin and 70 miles East of Rochester, Minnesota.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Truss Specialist	Truss manufacturers	124
I.S.D. No. 300 (La Crescent-Hokah)	Elementary and secondary education	100
Ready Bus Line Company	Bus charter and rental	100
Weiser Brothers General Contractors	General contractors	80
Golden Living Center	Nursing and convalescent home	78
Able, Inc.	Residential care providers	60
WXOW- TV 19 ABC News 19	Television station- broadcast	60
Crest Precast Concrete	Concrete manufacturers	50
Quillins	Grocery store	45
ABC Works	rehabilitation services for adults with disabilities	40
Quick Trip	Convenience store	36

Source: *ReferenceUSA, written and telephone survey (September 2018), 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. Some employers do not respond to inquiries for employment data.

U.S. CENSUS DATA

Population Trend: Independent School District No. 300 (La Crescent-Hokah), Minnesota

1999 estimated population[1]	8,806
2010 U.S. Census population	8,422
2016 Population Estimate	8,469
Percent of Change 2000 - 2010	-4.36%

Income and Age Statistics

	La Crescent-Hokah School District	Houston County	State of Minnesota	United States
2016 per capita income	$31,782	$29,007	$33,225	$29,829
2016 median household income	$58,402	$55,550	$63,217	$55,322
2016 median family income	$69,274	$67,286	$79,595	$67,871
2016 median gross rent	$648	$644	$873	$928
2016 median value owner occupied units	$188,600	$162,300	$191,500	$184,700
2016 median age	45.4 yrs.	45.4 yrs.	37.8 yrs.	37.7 yrs.

	State of Minnesota	United States
District % of 2016 per capita income	95.66%	106.55%
District % of 2016 median family income	87.03%	102.07%

Source: *2000 and 2010 Census of Population and Housing, and 2016 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).*

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	Houston County	Houston County	State of Minnesota
2014	9,858	4.4%	4.2%
2015	10,006	3.8%	3.7%
2016	10,063	4.0%	3.9%
2017	10,160	3.6%	3.5%
2018, August	10,222	2.0%	2.5%

Source: *Minnesota Department of Employment and Economic Development.*

[1] The 2000 U.S. Census population data is not available.

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 the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, 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 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.

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
LA CRESCENT, MINNESOTA

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

HILL, LARSON & WALTH, P.A.
Certified Public Accountants
326 North Main Street ♦ Austin, Minnesota 55912
Tele (507) 433-2264 Fax (507) 437-8251
Greg A. Larson, C.P.A. Ronald P. Walth, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Members of the School Board
Independent School District No. 300
La Crescent, Minnesota 55947

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 300, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to 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 Independent School District No. 300, as of June 30, 2017, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund, Food Service Fund and Community Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 11 and Note 12 to the financial statements, in 2017, the District adopted new accounting guidance, GASBS No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASBS No. 68, *Accounting and Financial Reporting for Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Defined Benefit Pension Plans Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability – GERF/TRA Retirement Funds, the Defined Benefit Pension Plans Schedule of District Contributions – GERF/TRA Retirement Funds and the Schedule of Changes in the District's Net OPEB Liability and Related Ratios, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 300's basic financial statements. The combining financial statements along with the uniform financial accounting and reporting standards compliance table are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Report on Summarized Comparative Information

We have previously audited the District's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of Independent School District No 300's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Independent School District No 300's internal control over financial reporting and compliance.

Hill, Larson & Walth, P.A.

Hill, Larson & Walth, P.A.

December 14, 2017

This section of La Crescent – Hokah Public Schools – Independent School District No. 300's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-17 fiscal year include the following:

- Net Position decreased by $2,537,044 over June 30, 2016.
- Overall revenues were $15,540,380 as compared to $18,063,824 of expenses.
- General fund, unassigned fund balance decreased by $242,821 from the prior year. The Food Service Fund showed a decrease of $30,120 in the fund balance over the prior year with a fund balance of $136,411 at June 30, 2017. The Community Service Fund finished the fiscal year with a fund balance of $400,688, an increase of $76,116. The Debt Service Fund balance finished the fiscal year down $28,537 from the prior year showing a June 30, 2017 fund balance of $162,393.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of five parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, supplemental information including other required reports and student activity funds. The basic financial statements include two kinds of statements that present different views of the District:

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

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

Government-Wide Statements

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

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRIC NO.300

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

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

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Fiduciary fund* – The District is the trustee, or fiduciary, for assets that belong to others, such as the Post Employment Benefit Trust Fund. The District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to who the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. 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 $(2,206,376) on June 30, 2017. This was a decrease of $2,537,044 from the prior year. (See Table A-1)

Table A-1
The District's Net Position

	Governmental Activities 2017	Governmental Activities 2016	Percentage Change
Current and Other Assets	$ 6,385,921	$ 6,456,525	-1.09%
Capital and Non-Current Assets	9,666,588	9,693,833	-0.28%
Total Assets	16,052,509	16,150,358	-0.61%
Deferred Outflows of Resources	17,406,353	2,485,902	*****
Current Liabilities	2,385,088	2,249,081	6.05%
Long Term Liabilities	28,761,573	11,528,071	*****
Total Liabilities	31,146,661	13,777,152	*****
Deferred Inflows of Resources	4,518,577	4,528,440	-0.22%
Net Position			
Net Investment in Capital Assets	7,952,858	7,285,785	9.16%
Restricted	(368,573)	843,421	*****
Unrestricted	(9,790,661)	(7,798,538)	25.54%
Total Net Position	$ (2,206,376)	$ 330,668	*****

The District increased its total liabilities by $17,369,509. Long-term liabilities include general obligations bonds payable, net bond premium and discount, obligations under capital leases, compensated absences payable, and pension liability for PERA and TRA pensions. The pension liabilities are the main reason for this increase.

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRIC NO.300

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

Changes in Net Position:

The District's total revenues were $15,540,380 for the year ended June 30, 2017. Property taxes and unrestricted state aid accounted for 70% of total revenue for the year. Another 22% came from operating and capital grants and contributions for specific programs. (See Figure A-1).

Table A-2
Change in Net Position

	Governmental Activities 2017	Governmental Activities 2016	Total % Change
Revenues			
Program Revenues			
Charges for Services	$ 1,209,878	$ 1,064,424	13.67%
Operating Grants and Contributions	3,121,107	2,843,564	9.76%
Capital Grants and Contributions	264,786	186,465	42.00%
General Revenues			
Property Taxes	2,515,328	2,362,269	6.48%
Unrestricted State Aid	8,377,883	8,063,937	3.89%
Investment Earnings	5,583	10,632	-47.49%
Other	45,815	74,521	-38.52%
Total Revenues	15,540,380	14,605,812	6.40%
Expenses			
Administration	841,259	787,590	6.81%
District Support Services	405,617	358,968	13.00%
Regular Instruction	9,012,286	6,067,820	48.53%
Vocational Education Instruction	250,073	202,741	23.35%
Special Education Instruction	3,099,949	2,878,692	7.69%
Instructional Support Services	381,623	528,572	-27.80%
Pupil Support Services	1,048,925	1,028,387	2.00%
Sites and Buildings	1,317,787	1,210,836	8.83%
Fiscal and Other Fixed Cost Programs	64,118	62,828	2.05%
Food Service	711,661	703,795	1.12%
Community Service	823,969	713,978	15.41%
Interest and Fiscal Charges	106,557	126,678	-15.88%
Total Expenses	18,063,824	14,670,885	23.13%
Special items:			
Change in Net OPEB liability	-	(1,042,290)	
Loss on disposal of assets	(13,600)	-	
Increase (Decrease) in Net Position	(2,537,044)	(1,107,363)	
Beginning Net Position	330,668	1,438,031	
Ending Net Position	$ (2,206,376)	$ 330,668	

The total cost of all programs and services excluding interest and fiscal charges was $17,957,267. Instructional expenses accounted for 68.4% and instructional and pupil support services accounted for 7.9% of the District's expenses. The District's administrative activities accounted for 4.7% of the total costs (See Figure A-2). Total expenditures surpassed revenues, decreasing net position $2,537,044 over last year.

Figure A-1 Sources of District's Revenues for Fiscal 2017

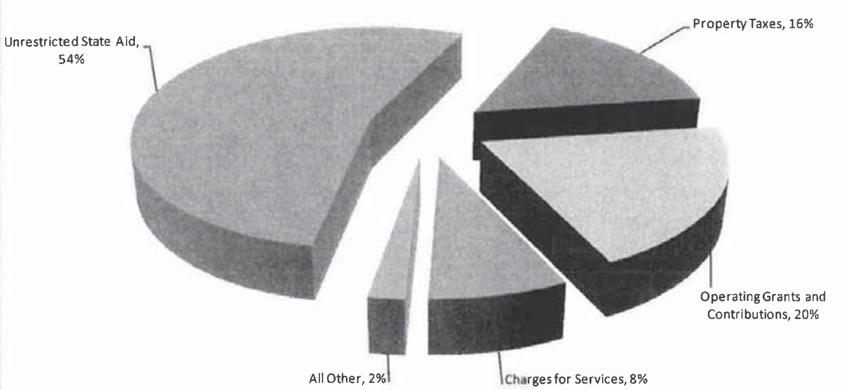
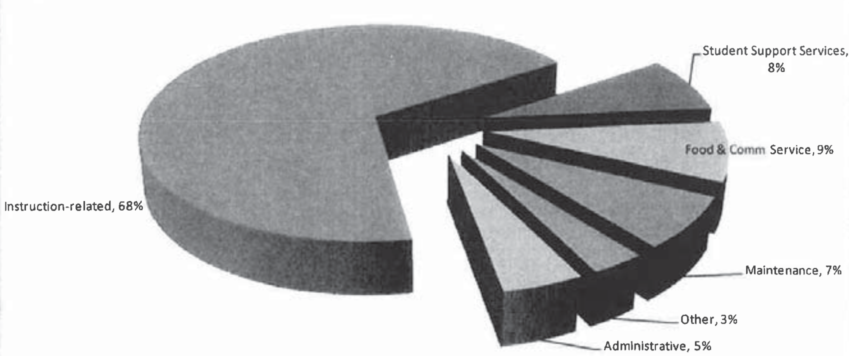


Figure A-2 District Expenses for Fiscal 2017



LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRIC NO.300

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

Table A-3 shows the net cost of each major activity of the District. The net cost is the total cost less the program revenues applicable to each activity.

Table A-3
Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2017	2016	Change	2017	2016	Change
Administration	$ 841,259	$ 787,590	6.81%	$ 841,259	$ 787,590	6.81%
District Support Services	405,617	358,968	13.00%	405,617	358,968	13.00%
Regular Instruction	9,012,286	6,067,820	48.53%	8,254,212	5,349,191	54.31%
Vocational Education Instruction	250,073	202,741	23.35%	234,562	182,846	28.28%
Special Education Instruction	3,099,949	2,878,692	7.69%	1,098,626	1,062,806	3.37%
Instructional Support Services	381,623	528,572	-27.80%	381,623	528,572	-27.80%
Pupil Support Services	1,048,925	1,028,387	2.00%	931,549	924,769	0.73%
Sites and Buildings	1,317,787	1,210,836	8.83%	1,025,654	998,860	2.68%
Fiscal and Other Fixed Cost Programs	64,118	62,828	2.05%	64,118	62,828	2.05%
Food Service	711,661	703,795	1.12%	47,913	65,125	-26.43%
Community Service	823,969	713,978	15.41%	76,363	128,199	-40.43%
Interest and Fiscal Charges or Long-Term Liabilities	106,557	126,678	-15.88%	106,557	126,678	-15.88%
Total	$18,063,824	$14,670,885	23.13%	$13,468,053	$10,576,432	27.34%

The total cost of all governmental activities this year was $18,063,824. The net cost of all governmental activities this year was $13,468,053. Costs for 2017 were up primarily due to an increase in liabilities for TRA and PERA pensions.

- The users of the District's programs financed $1,209,878 of the cost of the activities.
- The federal and state governments subsidized certain programs with grants and contributions of $3,385,893.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $2,105,745. That is compared to $2,262,010 for the previous year.

Revenues for the District's governmental funds were $15,548,225, while total expenditures were $15,704,490. As a result the District completed the year with an excess of expenditures over revenues of $156,265.

GENERAL FUND

The General Fund is used to account for all revenues and expenditures of the School District not accounted for elsewhere. This fund is used to account for: K-12 educational activities, District instructional and student support programs, expenditures for both District and School administration, normal operations and maintenance, pupil transportation, capital expenditures, and all other legal expenditures not specifically designated to be accounted for in any other fund.

Enrollment

Enrollment is the most critical factor in determining revenue for Minnesota school districts. The majority of Minnesota districts are facing declining enrollments. The following chart shows that the number of students has decreased year after year. The District's average daily membership declined by .3% in 2016-17.

Table A-4
Five-Year Enrollment Trend
Average Daily Membership (ADM)

Grade	2013	2014	2015	2016	2017
Pre-Kdgt.	12	9	11	12	18
Hep-Kdgt.	8	12	6	12	11
Kdgt	84	58	56	50	53
1-3	252	250	250	236	217
4-6	224	245	244	273	269
7-12	662	615	594	564	576
Total k-12 ADM	1,242	1,189	1,161	1,147	1,144
ADM Change	N/A	-53	-28	-14	-3
Percentage Change	N/A	-4.3%	-2.4%	-1.2%	-0.3%

The following schedule presents a summary of General Fund Revenues.

Table A-5
General Fund Revenues

	Year Ended		Change	
	June 30, 2017	June 30, 2016	Increase (Decrease)	Percent
Local Sources				
Property Taxes	$ 1,581,621	$ 1,389,395	$ 192,226	13.84%
Earnings on Investments	5,583	10,632	(5,049)	*****
Other	436,927	398,422	38,505	9.66%
State Sources	10,938,808	10,162,543	776,265	7.64%
Federal Sources	207,353	269,096	(61,743)	-22.94%
Total General Fund Revenue	$ 13,170,292	$ 12,230,088	$ 940,204	7.69%

Revenues

Revenues totaled $13,170,292, an increase of $940,204 from the fiscal year 2016. The 7.69% revenue increase is primarily due to the increase in special education funding and the recognition of TRA and PERA pension state aid allocated to the District in 2016-17.

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRIC NO.300

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures.

Table A-6
General Fund Expenditures

	Year Ended		Change	
	June 30, 2017	June 30, 2016	Increase (Decrease)	Percent
Salaries	$ 6,579,647	$ 6,664,603	$ (84,956)	-1%
Employee Benefits	2,977,774	2,859,404	118,370	4%
Purchased Services	2,519,132	2,381,353	137,779	6%
Supplies and Materials	265,507	378,737	(113,230)	-30%
Capital Expenditures	590,770	391,545	199,225	51%
Other Expenditures	411,186	60,874	350,312	*****
Total Expenditures	$ 13,344,016	$ 12,736,516	$ 607,500	5%

Expenditures

For Fiscal Year 2017 expenditures totaled $13,344,016. The increase is primarily due to facilities and the TRA and PERA pension adjustment.

Fund Balance

The General Fund unassigned fund balance including the nonspendable and assigned portion is $908,299. All other various restricted fund balances (i.e., Staff Development, Area Learning Center, and Operating Capital) totaled $364,344. On the audit report a negative restricted amount for Long-term Facilities Maintenance of $292,179 has been netted against the unassigned fund balance on page 17 of the report. The assigned fund balance is $167,000.

The single best measurement of the District's overall financial health in the General Fund is the Unassigned Fund Balance. The District closely monitors this fund balance through monthly budget updates and a major budget revision in the fall and spring of each fiscal year. The School Board has adopted a fund balancing policy to maintain 5-12% fund balance in this account. During the spring of 2017, the Board approved restructuring changes to be effective in Fiscal Year 2017, which should help to close the gap between revenue and expenditures. Additional changes will be considered as needed. The District asked the voters to approve an operating levy referendum in November of 2017 which was approved.

It is highly recommended that school districts maintain an unassigned fund balance at the rate of 10-12% of the general fund expenditure budget. The June 30, 2017 general fund unassigned fund balance including the nonspendable fund balance and assigned fund balance of $1,334,088 is 11.42% of the 2016-17 general fund actual expenditures.

General Fund Budgetary Highlights

- The District revised the annual operating budget, originally approved in June of 2016 and amended in the spring of 2017. The District's revised budget projected that expenditures would exceed revenues by $180,309. The actual decrease in the General Fund was $173,724.
- Actual revenues were 4.69% more than budget expectation.
- Actual expenditures were 4.57% more than budget. These include the TRA/PERA pension adjustment of $338,397.

OTHER MAJOR FUNDS

Food Service Fund

The Food Service Fund revenue for 2016-17 totaled $663,748 and expenditures were $693,868. The June 30, 2017 fund balance is a decrease of $30,120 from fiscal year 2016. The Food Service Fund continues to have a healthy fund balance of $136,411 at end of year.

Community Service Fund

The Community Service Fund is used to record all financial activities of the Community Service program. The Community Service Fund includes general community education, early childhood family education, school readiness, adult basic education, youth enrichment programming and school age childcare. The Community Service Fund revenue for 2016-17 totaled $898,815 and expenditures were $822,699. The June 30, 2017 fund balance of $400,688 is an improvement over the June 30, 2016 balance of $324,572. Community Services continues to make a concerted effort in the budget to create expenditure efficiencies and to identify new revenue sources, while providing innovative catalog offerings and supporting community needs.

Debt Service Fund

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

The 2016-17 Debt Service Fund (General Debt Service and OPEB Debt Service) levy and aid revenues amounted to $28,537 less than the expenditures for this fund for 2016-17. The remaining fund balance of $162,393 at June 30, 2017 is available for meeting future debt service obligations. The Minnesota Department of Education monitors fund balances in the Debt Service Fund and limits the amount of funds that can be carried forward. If the fund balance gets too high, future levy authority will be reduced in order to reduce the debt service fund balance to a reasonable level.

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRIC NO.300

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has invested a net amount of $9,666,588 in a broad range of capital assets including school and administrative building, computer and audio visual equipment, and other equipment for various instructional programs. This is net of accumulated depreciation. (See Table A-7.) (More detailed information about capital assets can be found in Note 3 to the financial statements.)

Table A-7
The District's Capital Assets

	2017	2016	Percentage Change
Land	$ 76,300	$ 77,800	-1.93%
Construction in Progress	28,599	-	****
Buildings and Improvements	16,271,323	16,121,323	0.93%
Equipment	3,151,111	3,138,647	0.40%
Less Accumulated Depreciation	(9,860,745)	(9,643,937)	2.25%
Total	$ 9,666,588	$ 9,693,833	-0.28%

Long-Term Liabilities

At year-end, the District had $2,645,000 in general obligation bonds outstanding. This is a decrease of 21.28% from last year. More detailed information about the District's long-term liabilities is presented in Note 4 of the financial statements.

The District's Long-Term Liabilities

	2017	2016	Percentage Change
General Obligation Bonds	$ 2,645,000	$ 3,360,000	-21.28%
Net Bond Premium and Discount	40,096	54,352	-26.23%
Capital Leases Payable	28,083	85,269	****
Compensated Absences Payable	81,858	71,468	14.54%
Net OPEB Liability	311,893	247,616	****
Net Pension Liability	26,422,726	8,481,552	****
Total	$ 29,529,656	$ 12,300,257	****
Long-Term Liabilities:			
Due Within One Year	$ 768,083	$ 772,186	-0.53%
Due in More Than One Year	28,761,573	11,528,071	****
Total	$ 29,529,656	$ 12,300,257	****

FACTORS BEARING ON THE DISTRICT'S FUTURE:

The District's primary source of revenue comes in the form of funding from the State of Minnesota. The District also receives revenue from an approved excess operating levy of $256 per student. In planning for the future, the District seeks to achieve a reasonable balance between providing adequate levels of classroom support, maintaining District facilities and infrastructure, and ensuring long-term fiscal stability. Planning forward, the following areas are of primary focus and concern with regard to District revenue and expenditures:

- Continued uncertainty for the future of state funding.
- The District's attempt to increase the Excess Operating Levy by $400 per pupil failed in November 2016, the District did go back to the voters for an increase in the Fall of 2017. The referendum for $850 per pupil replacing the $256 which expired was approved in November 2017.
- Continued need to manage for declining enrollment, with the leading edge of the District's larger graduating classes moving through the high school.
- An excess operating levy that is below the state average.
- Continued support for the District's technology infrastructure.
- Implementation and integration of 1:1 computing.
- Addressing the needs of an aging elementary building.
- Support of on-going school improvement initiative and staff professional development.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT:

This financial report is designed to provide the District 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 information, contact the District Office, Independent School District No. 300, 703 South 11th Street, La Crescent, MN 55947.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Statement of Net Position
As of June 30, 2017
(with Partial Comparative Information as of June 30, 2016)

	Governmental Activities 2017	Governmental Activities 2016
Assets		
Cash and investments	$ 3,376,708	$ 3,657,229
Current property taxes receivable	1,138,240	1,155,872
Delinquent property taxes receivable	33,794	38,131
Other accounts receivable	38,716	25,235
Due from other Minnesota school districts	36,858	141,420
Due from Minnesota Department of Education	1,314,540	1,020,492
Due from Federal Government through the Minnesota Department of Education	40,905	35,229
Due from other governmental units	41,000	29,176
Prepaid expenditures and deposits	33,390	20,000
Inventory	6,431	4,894
Patronage equity	325,339	328,847
Capital assets		
Land (Non depreciable asset)	76,300	77,800
Construction in progress (Non depreciable asset)	28,599	-
Buildings and improvements, net of accumulated depreciation	9,042,735	9,033,515
Other capital assets, net of depreciation	518,954	582,518
Capital assets - net of accumulated depreciation	9,666,588	9,693,833
Total Assets	16,052,509	16,150,358
Deferred Outflows of Resources		
Related to pensions	17,406,353	2,485,902
Total Deferred Outflows of Resources	17,406,353	2,485,902
Liabilities		
Accounts payable	155,077	65,677
Due to other Minnesota school districts	27,765	45,660
Due to other governmental units	7,283	7,962
Salaries and payroll deductions payable	1,275,834	1,264,680
Interest payable	42,395	52,151
Unearned revenue - local sources	108,651	40,765
Long-term liabilities		
Due within one year	768,083	772,186
Due in more than one year	2,338,847	3,046,519
Net pension liability	26,422,726	8,481,552
Total Liabilities	31,146,661	13,777,152
Deferred Inflows of Resources		
Deferred revenue - property taxes levied for subsequent year's expenditures	2,346,433	2,402,793
Related to pensions	2,172,144	2,125,647
Total Deferred Inflows of Resources	4,518,577	4,528,440
Net Position		
Net investment in capital assets	7,952,858	7,285,785
Restricted for:		
Operating capital purposes	172,909	222,346
State-mandated restrictions	(1,254,091)	(75,760)
Food service	136,411	166,531
Community service	402,803	326,959
Debt services	173,395	203,345
Unrestricted	(9,790,661)	(7,798,538)
Total Net Position	$ (2,206,376)	$ 330,668

The accompanying notes to financial statements are an integral part of this statement.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300

La Crescent, Minnesota

Statement of Activities

For the Year Ended June 30, 2017
(with Partial Comparative Information for Year Ended June 30, 2016)

	2017					2016
		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	$ 841,259	$ -	$ -	$ -	$ (841,259)	$ (787,590)
District support services	405,617	-	-	-	(405,617)	(358,968)
Elementary and secondary regular instruction	9,012,286	220,241	537,833	-	(8,254,212)	(5,349,191)
Vocational education instruction	250,073	-	15,511	-	(234,562)	(182,846)
Special education instruction	3,099,949	-	2,001,323	-	(1,098,626)	(1,062,806)
Instructional support services	381,623	-	-	-	(381,623)	(528,572)
Pupil support services	1,048,925	-	117,376	-	(931,549)	(924,769)
Sites, buildings and equipment	1,317,787	27,347	-	264,786	(1,025,654)	(998,860)
Fiscal and other fixed cost programs	64,118	-	-	-	(64,118)	(62,828)
Food service	711,661	406,469	257,279	-	(47,913)	(65,125)
Community services	823,969	555,821	191,785	-	(76,363)	(128,199)
Interest and finance charge on long-term debt	106,557	-	-	-	(106,557)	(126,678)
Total Governmental Activities	$ 18,063,824	$ 1,209,878	$ 3,121,107	$ 264,786	(13,468,053)	(10,576,432)

	2017	2016
General revenues:		
Taxes:		
Property taxes, levied for general purposes	1,578,968	1,391,947
Property taxes, levied for community service	150,937	144,118
Property taxes, levied for debt service	785,423	826,204
State-aid formula grants	8,039,486	7,916,015
State aid received for TRA pension liability	338,397	147,922
Other general revenues	45,815	74,521
Investment earnings	5,583	10,632
Total general revenues	10,944,609	10,511,359
Special items:		
Change in Net OPEB liability	-	(1,042,290)
Loss on disposal of assets	(13,600)	-
Changes in net position	(2,537,044)	(1,107,363)
Net position - beginning	330,668	1,438,031
Net position - ending	$ (2,206,376)	$ 330,668

The accompanying notes to financial statements are an integral part of this statement.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Balance Sheet
Governmental Funds
As of June 30, 2017
(with Partial Comparative Information as of June 30, 2016)

	General	Food Service	Community Service	Debt Service	Total Governmental Funds 2017	Total Governmental Funds 2016
Assets						
Cash and investments	$ 2,112,382	$ 148,304	$ 509,876	$ 606,146	$ 3,376,708	$ 3,657,229
Current property taxes receivable	656,234	-	79,957	402,049	1,138,240	1,155,872
Delinquent property taxes receivable	20,677	-	2,115	11,002	33,794	38,131
Other accounts receivable	12,071	-	26,645	-	38,716	25,235
Due from other Minnesota school districts	36,858	-	-	-	36,858	141,420
Due from Minnesota Department of Education	1,294,606	837	16,244	2,853	1,314,540	1,020,492
Due from Federal Government through the Minnesota Department of Education	40,905	-	-	-	40,905	35,229
Due from other governmental units	41,000	-	-	-	41,000	29,176
Prepaid expenditures and deposits	33,390	-	-	-	33,390	20,000
Inventory	-	6,431	-	-	6,431	4,894
Patronage equity	325,339	-	-	-	325,339	328,847
Total Assets	$ 4,573,462	$ 155,572	$ 634,837	$ 1,022,050	$ 6,385,921	$ 6,456,525
Liabilities						
Salaries payable	$ 432,237	$ 2,604	$ 50,670	$ -	$ 485,511	$ 540,237
Other accounts payable	141,242	1,546	12,289	-	155,077	65,677
Due to other Minnesota school districts	27,765	-	-	-	27,765	45,660
Due to other governmental units	1,128	5,855	300	-	7,283	7,962
Payroll deductions and employer contributions	790,323	-	-	-	790,323	724,443
Unearned revenue - local sources	424,834	9,156	-	-	433,990	369,612
Total Liabilities	1,817,529	19,161	63,259	-	1,899,949	1,753,591
Deferred Inflows of Resources						
Deferred revenue - property taxes levied for subsequent year's expenditures	1,329,003	-	168,775	848,655	2,346,433	2,402,793
Unavailable revenue - delinquent taxes	20,677	-	2,115	11,002	33,794	38,131
Total Deferred Inflows of Resources	1,349,680	-	170,890	859,657	2,380,227	2,440,924
Fund Balances						
Nonspendable	33,390	6,431	-	-	39,821	24,894
Restricted	364,344	129,980	400,688	162,393	1,057,405	1,152,776
Assigned	167,000	-	-	-	167,000	-
Unassigned	841,519	-	-	-	841,519	1,084,340
Total Fund Balances	1,406,253	136,411	400,688	162,393	2,105,745	2,262,010
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,573,462	$ 155,572	$ 634,837	$ 1,022,050	$ 6,385,921	$ 6,456,525

The accompanying notes to financial statements are an integral part of this statement.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of June 30, 2017
(with Partial Comparative Information as of June 30, 2016)

		2017		2016
Total fund balances - governmental funds	$	2,105,745	$	2,262,010
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Those assets consist of:				
Land		76,300		77,800
Construction in Progress		28,599		-
Buildings and Improvements, Net of Accumulated Depreciation		9,042,735		9,033,515
Other capital assets, Net of Accumulated Depreciation		518,954		582,518
Net OPEB liability created through treatment of OPEB obligations bonds as employer contribution to defined benefit pension plans are not recognized in the funds.		(311,893)		(247,616)
Patronage equity will not be available to pay for current period expenditures and therefore are deferred in the funds.		325,339		328,847
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year end are:				
Bonds Payable		(2,645,000)		(3,360,000)
Unamortized Discounts		(40,096)		(54,352)
Obligations Under Capital Leases		(28,083)		(85,269)
Compensated Absences Payable		(81,858)		(71,468)
PERA Pension Liability		(2,403,373)		(1,658,406)
TRA Pension Liability		(24,019,353)		(6,823,146)
District's proportionate share of PERA and TRA deferrals:				
Outflows of resources		17,406,353		2,485,902
Inflow of resources		(2,172,144)		(2,125,647)
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.		(42,395)		(52,151)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		33,794		38,131
Total net position - governmental activities	$	(2,206,376)	$	330,668

The accompanying notes to financial statements are an integral part of this statement.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017
(with Partial Comparative Information for Year Ended June 30, 2016)

					Total Governmental Funds	
	General	Food Service	Community Service	Debt Service	2017	2016
Revenues						
Local sources						
Property taxes	$ 1,581,621	$ -	$ 151,209	$ 786,835	$ 2,519,665	$ 2,360,253
Earnings on investments	5,583	-	-	-	5,583	10,632
Other	434,601	419,882	565,560	-	1,420,043	1,251,260
State sources	10,938,808	39,053	182,046	28,535	11,188,442	10,332,138
Federal sources	207,353	204,813	-	-	412,166	476,625
Insurance recovery and other	2,326	-	-	-	2,326	26,760
Total Revenues	13,170,292	663,748	898,815	815,370	15,548,225	14,457,668
Expenditures						
Current						
Administration	840,996	-	-	-	840,996	787,327
District support services	399,851	-	-	-	399,851	353,127
Elementary and secondary regular instruction	5,610,927	-	-	-	5,610,927	5,441,865
Vocational education instruction	249,461	-	-	-	249,461	202,130
Special education instruction	3,096,918	-	-	-	3,096,918	2,876,017
Instructional support services	366,281	-	-	-	366,281	517,131
Pupil support services	1,042,150	-	-	-	1,042,150	1,021,491
Sites, buildings and equipment	1,252,403	-	-	-	1,252,403	1,156,302
Fiscal and other fixed cost programs	64,118	-	-	-	64,118	62,828
Food service	-	693,868	-	-	693,868	688,398
Community services	-	-	822,699	-	822,699	713,312
Capital outlay	362,063	-	-	-	362,063	310,339
Debt Service						
Principal	57,186	-	-	715,000	772,186	786,063
Interest and fiscal charges	1,662	-	-	128,907	130,569	150,450
Total Expenditures	13,344,016	693,868	822,699	843,907	15,704,490	15,066,780
Excess (deficiency) of revenues over expenditures	(173,724)	(30,120)	76,116	(28,537)	(156,265)	(609,112)
Other Financing Sources (Uses)						
Capital lease proceeds	-	-	-	-	-	84,259
Total Other Financing Sources (Uses)	-	-	-	-	-	84,259
Net change in fund balances	(173,724)	(30,120)	76,116	(28,537)	(156,265)	(524,853)
Fund Balances						
Beginning of year	1,579,977	166,531	324,572	190,930	2,262,010	2,786,863
End of year	$ 1,406,253	$ 136,411	$ 400,688	$ 162,393	$ 2,105,745	$ 2,262,010

The accompanying notes to financial statements are an integral part of this statement.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2017
(with Partial Comparative Information for Year Ended June 30, 2016)

	2017	2016
Total net changes in fund balances - governmental funds	$ (156,265)	$ (524,853)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, assets with an initial, individual cost of more than $1,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlays	362,063	310,339
Depreciation expense	(375,708)	(365,163)
Loss on disposal	(13,600)	-
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of the capital lease principal is an expenditure in the governmental funds, but repayments reduce the lease obligation in the statement of net position.		
Proceeds - new capital lease	-	(84,259)
Change in accrued interest expense - capital leases	249	506
Principal payments - capital leases	57,186	91,063
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces the liability in the net asset statements. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Repayment of bond principal	715,000	695,000
Change in accrued interest expense - general obligation bonds	9,507	9,010
Amortization of bond discount	14,256	14,256
In the statement of activities, certain operating expenses - other post employment benefits payable and compensated absences payable - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(10,390)	3,890
Change in Net OPEB liabillity	(64,277)	(239,931)
Revenue from patronage equity in the statement of activites that do not provide current financial resources are not reported as revenues in the governmental funds.	(3,508)	(1,794)
Items treated as deferred outflows of resources for government-wide statement presentation:		
TRA contributions	626,014	390,690
PERA contributions	241,622	138,090
Pension expense recognized for government-wide statement presentation:		
TRA expense	(3,691,761)	(503,628)
PERA expense	(243,095)	(148,227)
State aid received for TRA pension recognized on government-wide financial statements	-	147,922
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	(4,337)	2,016
Change in Net OPEB liability due to implementation of GASB No. 74	-	(1,042,290)
Change in net position - governmental activities	$ (2,537,044)	$ (1,107,363)

The accompanying notes to financial statements are an integral part of this statement.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017
(with Partial Comparative Information as of June 30, 2016)

	2017				2016
	Budgeted Amounts			Over (Under)	
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources					
Property taxes	$ 1,375,568	$ 1,375,569	$ 1,581,621	$ 206,052	$ 1,389,395
Earnings on investments	10,000	8,000	5,583	(2,417)	10,632
Other	339,122	296,542	434,601	138,059	371,662
State sources	10,384,252	10,609,901	10,938,808	328,907	10,162,543
Federal sources	263,736	265,149	207,353	(57,796)	269,096
Insurance recovery and other	12,276	24,971	2,326	(22,645)	26,760
Total Revenues	12,384,954	12,580,132	13,170,292	590,160	12,230,088
Expenditures					
Current					
Administration	831,056	810,566	840,996	30,430	787,327
District support services	347,210	380,026	399,851	19,825	355,026
Elementary and secondary regular instruction	5,320,872	5,450,056	5,610,927	160,871	5,453,964
Vocational education instruction	184,614	125,867	249,461	123,594	202,130
Special education instruction	2,868,158	2,954,573	3,096,918	142,345	2,890,271
Instructional support services	371,363	384,979	366,281	(18,698)	517,131
Pupil support services	1,126,626	1,057,793	1,042,150	(15,643)	1,112,918
Sites, buildings and equipment	1,327,453	1,487,578	1,614,466	126,888	1,261,953
Fiscal and other fixed cost programs	63,003	63,003	64,118	1,115	62,828
Debt Service					
Principal	63,000	43,000	57,186	14,186	91,063
Interest and fiscal charges	3,000	3,000	1,662	(1,338)	1,905
Total Expenditures	12,506,355	12,760,441	13,344,016	583,575	12,736,516
Excess of revenues over (under) expenditures	(121,401)	(180,309)	(173,724)	6,585	(506,428)
Other financing sources (uses)					
Capital lease proceeds	-	-	-	-	84,259
Total Other financing sources (uses)	-	-	-	-	84,259
Net change in fund balance	$ (121,401)	$ (180,309)	(173,724)	$ 6,585	(422,169)
Fund Balance					
Beginning of year			1,579,977		2,002,146
End of year			$ 1,406,253		$ 1,579,977

The accompanying notes to financial statements are an integral part of this statement.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017
(with Partial Comparative Information as of June 30, 2016)

	2017				2016
	Budgeted Amounts			Over (Under)	
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources					
Other - primarily meal sales	$ -	$ 423,283	$ 419,882	$ (3,401)	$ 397,557
State sources	-	37,000	39,053	2,053	33,584
Federal sources	-	182,000	204,813	22,813	207,529
Total Revenues	-	642,283	663,748	21,465	638,670
Expenditures					
Food service	636,327	698,875	693,868	(5,007)	762,757
Total Expenditures	636,327	698,875	693,868	(5,007)	762,757
Net change in fund balance	$ (636,327)	$ (56,592)	(30,120)	$ 26,472	(124,087)
Fund Balance					
Beginning of year			166,531		290,618
End of year			$ 136,411		$ 166,531

The accompanying notes to financial statements are an integral part of this statement.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Community Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017
(with Partial Comparative Information as of June 30, 2016)

	2017				2016
	Budgeted Amounts			Over (Under)	
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources					
Property taxes	$ 152,948	$ 145,997	$ 151,209	$ 5,212	$ 144,063
Other - primarily tuition and fees	512,200	458,618	565,560	106,942	482,041
State sources	164,310	131,094	182,046	50,952	103,738
Total Revenues	829,458	735,709	898,815	163,106	729,842
Expenditures					
Community service	769,527	712,667	822,699	110,032	723,962
Total Expenditures	769,527	712,667	822,699	110,032	723,962
Net change in fund balance	$ 59,931	$ 23,042	76,116	$ 53,074	5,880
Fund Balance					
Beginning of year			324,572		318,692
End of year			$ 400,688		$ 324,572

The accompanying notes to financial statements are an integral part of this statement.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Statement of Fiduciary Net Position
As of June 30, 2017
(with Partial Comparative Information as of June 30, 2016)

	2017 Postemployment Benefit Trust	2016 Postemployment Benefit Trust
Assets		
Cash and investments	$ 398,123	$ 465,345
Interest receivable	2,694	730
Total Assets	$ 400,817	$ 466,075
Liabilities		
Due to program participants	-	-
Net position		
Held in trust for other postemployment benefits	$ 400,817	$ 466,075

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017
(with Partial Comparative Information for Year Ended June 30, 2016)

	2017 Postemployment Benefit Trust	2016 Postemployment Benefit Trust
Additions		
Earnings on investments	$ 10,998	$ 5,889
Total additions	10,998	5,889
Deductions		
Retirement benefits	76,006	71,324
Administrative fees	250	250
Total deductions	76,256	71,574
Change in net position	(65,258)	(65,685)
Net position		
Beginning of year	466,075	531,760
End of year	$ 400,817	$ 466,075

The accompanying notes to financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 300 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms. 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 District's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

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 include 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 fiscally depended upon by the potential component unit.

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

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

C. Government-wide Financial Statement Presentation

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 privilege provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts recognized in advance 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. Depreciation expense is included as a direct expense in the functional areas that utilize the related fixed assets. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in 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; pension (or other benefit) trust, private-purpose trust, and agency. 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 statements.

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

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

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Fiduciary funds use the economic measurement focus and the accrual basis of accounting.

Descriptions of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. Each fund is accounted for as an independent entity. Descriptions of each fund are included in this report as follows:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Government Funds

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

Food Service Fund - The Food Service Fund is used to account for food service revenue and expenditures.

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

Debt Service Fund – The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bond indebtedness, whether for building construction, operating capital or other post-employment benefit expenditures, and whether for initial or refunding bonds.

Fiduciary Fund

OPEB Irrevocable Trust Fund – The District maintains a trust fund used to administer resources received and held by the District as the trustee for other post employment benefits.

E. Budgeting

The budget for each fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. The School Board adopted an annual budget for the current fiscal year for the General, Food Service and Community Service Funds. Budget amounts are presented as originally adopted or amended.

F. Cash and Investments

Cash and investments included 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. Earnings from the investments of the OPEB Irrevocable Trust Fund are allocated directly to that fund. Investments are reported at fair value, based on quoted market prices.

G. Receivables

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

H. Due from Other Minnesota School Districts

Represents amounts owed and unpaid from other Minnesota school districts at June 30, 2017.

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INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Notes to Financial Statements (continued)
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Due from Minnesota Department of Education

Represents amounts due from Minnesota Department of Education at June 30, 2017. The District receives payments from the Minnesota Department of Education on a metered system. For fiscal year 2015-2017 state aids, 90.0 percent of the aid is paid during the year and the remaining 10.0 percent is paid with clean-up payments in September and October of the following fiscal year.

J. Due from Federal Government through the Minnesota Department of Education

Represents amounts due to the District at June 30, 2017, for federal aid that flows through the Minnesota Department of Education. The breakdown on Due from Federal Government through the Minnesota Department of Education on June 30, 2017, is as follows:

General Fund	
Title I, Part A	$ 19,804
Title II, Part A	21,101
Total General Fund	40,905
Total Due from Federal Government through the Minnesota Department of Education	$ 40,905

K. Inventories

Inventories are recorded using the consumption method of accounting and consists 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 Department of Agriculture.

L. Property Taxes

Property taxes levied 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.

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

The majority of District revenue in the Major Funds is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the Legislature based on education fund priorities.

Taxes, which remain unpaid, are classified as delinquent property taxes receivable. Revenue from these delinquent property taxes that are not collected within 60 days of year-end are deferred in the fund based 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)

M. Patronage Equity

The District purchases telephone service from a cooperative which grants yearly patronage capital credit allocations to its customers. Capital credits represent the customer's share of ownership in the cooperative. They are held by the cooperative until retired by action of the cooperative's board of directors, at which time the customer will receive a capital credit refund check or bill credit. Capital credit allocations are recognized in the year that they are received in the government-wide statements. In the fund statements, they are offset by deferred revenue until they are paid out in cash.

N. 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 fair market value at the date of donation. 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 statement, but are not reported in the fund based 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 purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 7 to 50 years for land improvements and buildings, and 5 to 20 years for equipment.

Capital assets not being depreciated include land and land improvements that do not deteriorate with use or the passage of time.

O. Long-Term Obligations

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

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

P. Deferred Outflows of Resources

Deferred outflows of resources are those in which resources are not recognized as an expense by the District before it has a legal claim to them. The District has reported resources related to pensions as deferred outflows of resources. This is only shown in the government-wide statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Inflows of Resources

Deferred inflows of resources are those in which resources are received by the District before it has a legal claim to them. The District has reported deferred inflows of resources for property taxes levied for the subsequent year and delinquent property taxes. The District also has deferred inflows related to the pension plan liabilities in the government-wide statements.

R. Pensions

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

S. Compensated Absences

Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Vacation pay is accrued when incurred in the government-wide financial statements.

T. Severance Benefits

Under the provisions of the various employee and union contracts, the District provides health care benefits if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 45, at July 1, 2016.

U. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and 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 fiscal 2017.

V. Net Position

Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components:

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

Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

W. 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. The District currently has no committed fund balance.

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 or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District's superintendent or other designee is authorized to establish assignments of fund balance. The District currently has no assigned fund balance.

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

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

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

X. Use of Estimates

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

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Notes to Financial Statements (continued)
June 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at June 30, 2017 consist of the following:

Deposits	$ 3,485,248
Investments	289,583
Total	$ 3,774,831

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

Statement of Net Position	
Cash and investments	$ 3,376,708
Statement of Fiduciary Net Position	
Cash and investments	398,123
Total	$ 3,774,831

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 non-negotiable certificates of deposits.

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 District deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or 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 Land Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in restricted accounts 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.

  At year-end, the carrying amount of the District's cash deposits were $3,485,248 while the balance on the bank records was $3,643,227. At June 30, 2017, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District's investments are recorded at fair market value. Fair market values are determined by market prices on the stock exchange as of June 30, 2017. The District has the following cash and investments at year-end:

Cash and Investment type	Credit Risk: Credit Rating	Credit Risk: Rating Agency	Interest Rate Risk: Maturity Date	Carrying Value
Cash				
MSDLAF + Liquid Class	AAAm	S & P	N/A	$ 626,838
MSDLAF + MAX Class	AAAm	S & P	N/A	1,834,585
Money Market Funds	AAA	S & P	N/A	440,890
Certificates of Deposit	N/A	N/R	< 1 year	248,300
Deposits	N/A	N/R	N/A	231,791
Investment				
Certificates of Deposit	N/A	N/R	< 1 year	$ 102,427
Certificates of Deposit	N/A	N/R	> 1 year	290,000
Total Cash and Investments				$ 3,774,831

N/A = Not Available
N/R = Not Rated

The MSDLAF + funds are an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares.

The District's investments are potentially subject to various risks including the following:

- **Custodial credit risk** – 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 the investment 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** – 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 and receive the highest credit rating, are rated in one of the two highest categories by a statistical rating agency, and all of the investments have a final maturity of thirteen 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 Systems; commercial paper issued by United States corporations or their Canadian subsidiaries rates, 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

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Notes to Financial Statements (continued)
June 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 Systems with capitalization exceeding $10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers.

- **Concentration risk** – The risk of investing 5 percent or more of the District's portfolio in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds.

- **Interest rate risk** – The risk of potential variability in the fair value of fixed rate investments resulting from changes in the interest rates (the longer the period for which an interest rate is fixed, the greater the risk).

The District has no internal policies that limit deposits on investment choices or address these potential risks beyond the statutory limitations described above.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not depreciated				
Land	$ 77,800	$ -	$ 1,500	$ 76,300
Construction in progress	-	28,599	-	28,599
Total capital assets, not depreciated	77,800	28,599	1,500	104,899
Capital assets, depreciated				
Buildings and Improvements	16,121,323	321,000	171,000	16,271,323
Equipment	3,138,647	12,464	-	3,151,111
Total capital assets, depreciated	19,259,970	333,464	171,000	19,422,434
Less accumulated depreciation for				
Buildings and improvements	(7,087,808)	(299,680)	158,900	(7,228,588)
Equipment	(2,556,129)	(76,028)	-	(2,632,157)
Total accumulated depreciation	(9,643,937)	(375,708)	158,900	(9,860,745)
Total capital assets, depreciated	9,616,033	(42,244)	(12,100)	9,561,689
Total capital assets, net	$ 9,693,833	$ (13,645)	$ (13,600)	$ 9,666,588

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of $375,708 for the year ended June 30, 2017 was charged to the following governmental functions:

Administration	$ 263
District support services	5,766
Elementary and secondary regular instruction	259,472
Vocational education instruction	612
Special education instruction	3,031
Instructional support services	15,342
Pupil support services	6,775
Sites and buildings	65,384
Food service	17,793
Community service	1,270
Total depreciation expense	$ 375,708

NOTE 4 – LONG-TERM LIABILITIES

General Obligation Refunding Bonds, Series 2009

On March 1, 2009, the District issued $6,165,000 of General Obligation Refunding Bonds series 2009A. The proceeds of the issue were used to refund, in advance of their stated maturities, the remaining maturities of the District's General Obligation Refunding Bonds of 1999A. Assets of the Debt Service Fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds. Interest is due semi-annually on February 1 and August 1 at varying interest rates from 3.00% to 3.25%.

General Obligation Taxable OPEB Bonds, Series 2009B

On August 1, 2009, the District issued $1,620,000 General Obligation Taxable OPEB Bonds, Series 2009B. These bonds are due in varying annual payments through February 1, 2025. Interest is due semi-annually on February 1 and August 1 at varying interest rates from 2.5% to 5.5%.

Assets of the OPEB Debt Service Fund, together with schedule future ad valorem tax levies, are dedicated to retire these bonds. The payment schedule for the bond payments are as follows:

	General Obligation Bonds Payable		OPEB Bonds Payable	
Year Ending June 30	Principal	Interest	Principal	Interest
2018	$ 635,000	$ 49,588	$ 105,000	$ 53,070
2019	655,000	30,538	110,000	48,083
2020	335,000	10,887	115,000	42,858
2021	-	-	125,000	37,108
2022	-	-	130,000	30,608
2023-2026	-	-	435,000	48,671
Total	$ 1,625,000	$ 91,013	$ 1,020,000	$ 260,398

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Notes to Financial Statements (continued)
June 30, 2017

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

Net Pension Liability

This consists of the District's share of TRA and PERA net pension liability of the state-wide TRA and PERA pension plans.

Capital Lease Payables

On February 18, 2015, the District entered into a Lease Purchase Agreement in the amount of $89,000 for the purchase of computers and equipment. Principal and interest payments are due annually on February 18, 2015 through February 1, 2017. Interest payments were due annually at 1.805%. The capital assets relating to the lease had a capitalized cost of $89,000 at June 30, 2015. This agreement had its final payment in 2016-17.

On March 23, 2016, the District entered into a Lease Purchase Agreement in the amount of $84,259 for the purchase of technology equipment. Principal and interest are due annually on March 23, 2016 through March 23, 2018. Interest payments are also due annually at 1.99%. Most of the items purchased fell under the District's capitalization policy per item limit.

Capital Lease Payables

The required lease payments are as follows:

6/30/2018	$ 28,642
Total Minimum lease payments	28,642
Less amounts representing interest	(559)
Present value of net minimum lease payments	$ 28,083

The assets of the General Fund finance the payments for capital leases.

Compensated Absences Payable

The amount of the estimated obligation at June 30, 2017 is $81,858. The District's General Fund finances compensated absences on a pay-as-you-go basis.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

The changes in long-term liabilities for the year are summarized as follows:

	Balance 6/30/2016	Issued/ Increase (Decrease)	Retirements	Balance 6/30/2017	Amount Due in One Year
Bonds payable	$ 3,360,000	$ -	$ 715,000	$ 2,645,000	$ 740,000
TRA net pension liability	6,823,146	17,196,207	-	24,019,353	-
PERA net pension liability	1,658,406	744,967	-	2,403,373	-
Net OPEB liability	247,616	64,277	-	311,893	-
Capital leases payable	85,269	-	57,186	28,083	28,083
Compensated absences payable	71,468	52,138	41,748	81,858	-
Bond premium	54,352	-	14,256	40,096	-
Total	$ 12,300,257	$ 18,057,589	$ 828,190	$ 29,529,656	$ 768,083

Due within one year	$ 768,083
Due in more than one year	28,721,477
Unamortized bond premium	40,096
	$ 29,529,656

NOTE 5 – FUND BALANCE CLASSIFICATIONS

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.

At June 30, 2017 the District has recorded the following fund balance classifications:

	Nonspendable	Restricted	Assigned	Unassigned	Total
General Fund					
Staff development	$ -	$ 86,188	$ -	$ -	$ 86,188
Health and safety	-	41,059	-	-	41,059
Operating capital	-	172,909	-	-	172,909
Gifted and talented	-	40,322	-	-	40,322
Safe school crime	-	23,866	-	-	23,866
Long-term facilities maintenance	-	-	-	(292,179)	(292,179)
Prepaid expenditures	33,390	-	-	-	33,390
Assigned	-	-	167,000	-	167,000
Unassigned	-	-	-	1,133,698	1,133,698

LA CRESCENT – HOKAH PUBLIC SCHOOLS
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Notes to Financial Statements (continued)
June 30, 2017

NOTE 5 – FUND BALANCE CLASSIFICATIONS (CONTINUED)

	Nonspendable	Restricted	Assigned	Unassigned	Total
Food Service					
Inventory	6,431	-	-	-	6,431
Food service	-	129,980	-	-	129,980
Community Service					
Community education	-	180,222	-	-	180,222
Early childhood family education	-	20,806	-	-	20,806
School readiness	-	176,147	-	-	176,147
Community service	-	23,513	-	-	23,513
Debt Service Fund					
General debt service	-	131,264	-	-	131,264
OPEB debt service	-	31,129	-	-	31,129
Total	$ 39,821	$ 1,057,405	$ 167,000	$ 841,519	$ 2,105,745

The District has a minimum fund balance policy, which indentifies a minimum unassigned fund balance in the General Fund of 5-12/% of the annual budgeted expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS

Public Employees Retirement Association

A. Plan Descriptions

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

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))
All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given one percent increases.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.

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

C. Contributions

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

General Employees Fund Contributions
Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2017; the District was required to contribute 7.50 percent for the Coordinated Plan members. The District's contributions to the General Employees fund for the year ended June 30, 2017 were $139,599. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs
At June 30, 2017, the District reported a liability of $2,403,373 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 contributions of $6 million to the fund in 2017. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the District's proportion share was 0.0296 percent which was a decrease of .0024 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017 the District recognized pension expense of $243,095 for its proportionate share of General Employees Plan's pension expense. In addition, the District had an additional $1,776 of pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $6 million to the General Employees Fund.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

At June 30, 2017 the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 7,687	$ 199,419
Changes in actuarial assumptions	$ 517,185	$ -
Differences between projected and actual investment earnings	$ 465,002	$ 199,549
Changes in proportion	$ -	$ 152,801
Contributions paid to PERA subsequent to the measurement date	$ 139,599	$ -
Total	$ 1,129,473	$ 551,769

$139,599 reported as deferred outflows of resources related to pensions resulting from District contributions to subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Pension Expense Amount
2018	$ 64,377
2019	$ 5,049
2020	$ 164,219
2021	$ 204,460
2022	$ -
Thereafter	$ -

E. Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for the General Employees Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: one percent per year for all future years for the General Employees Plan.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was complete in 2015.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

The Following changes in actuarial assumptions occurred in 2016:

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 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.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target 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 Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

F. Discount Rate

The discount rate used to measure the total pension liability in 2016 was 7.50 percent, a reduction from the 7.9 percent used in 2015. 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 General Employees Fund 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.

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the GERF net pension liability	$ 3,413,502	$ 2,403,373	$ 1,571,302

LA CRESCENT – HOKAH PUBLIC SCHOOLS
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Notes to Financial Statements (continued)
June 30, 2017

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

H. Pension Plan Fiduciary Net Position

Detailed information about each pension 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.

Teachers Retirement Association

A. Plan Description

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

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

B. Benefits Provided

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

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

Tier 1 Benefits

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

With these provisions:

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

(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) 3 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).

or

Tier II Benefits

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

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

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

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

C. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal years ended June 30, 2015, June 30, 2016, and June 30, 2017, were:

	Employee	Employer
Basic	11.0%	11.5%
Coordinated	7.5%	7.5%

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Notes to Financial Statements (continued)
June 30, 2017

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	$	354,961,140
Add employer contributions not related to future contribution efforts		26,356
Deduct TRA's contributions not included in allocation		(442,978)
Total employer contributions	$	354,544,518
Total non-employer contributions		35,587,410
Total contributions reported in Schedule of Employer and Non-Employer Allocations	$	390,131,928

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

D. Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2016
Experience Study	June 5, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	4.66%, from the Single Equivalent Interest Rate calculation
Price Inflation	2.75%
Wage Growth Rate	3.5%
Projected Salary increase	3.5 - 9.5%
Cost of living adjustment	2.0%
Mortality Assumption	
Pre-retirement	RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projections uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality, without adjustment

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Unallocated Cash	2%	0.50%
Total	100%	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2016 is 6 years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of 6 years in the schedule presented. The amortization period for "Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of 5 years as required by GASB 68.

E. Discount Rate

The discount rate used to measure the total pension liability was 4.66 percent. This is a decrease from the discount rate at the prior measurement date of 8.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2017 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2052 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return was applied to periods before 2052 and the Municipal Bond Index Rate of 3.01 percent was applied to periods on and after 2052, resulting in a SEIR of 4.66 percent. Based on Fiduciary Net Position at prior year measurement date, the discount rate of 8.00 percent was used and it was not necessary to calculate the SEIR.

F. Net Pension Liability

On June 30, 2017, the District reported a liability of $24,019,353 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.1007% at the end of the measurement period and 0.1103% for the beginning of the year.

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

District's proportionate share of net pension liability	$	24,019,353
State's proportionate share of the net pension liability associated with the District	$	2,410,750

There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date. Post-retirement benefit adjustments are now assumed to be 2.0 percent annually. While in the previous measurement the COLA increased to 2.5 percent in 2034.

For the year ended June 30, 2017, the District recognized pension expense of $3,460,256. It also recognized $336,621 as an increase to pension expense for the support provided by direct aid.

On June 30, 2017, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 360,281	$ 670
Net difference between projected and actual earnings on pension plan investments	$ 1,812,672	$ 890,217
Changes of assumptions	$ 13,712,511	$ -
Changes in proportion	$ -	$ 729,488
District's contributions to TRA	$ 391,416	$ -
Total	$ 16,276,880	$ 1,620,375

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

Year ended June 30	Pension Expense Amount
2018	$ 3,454,036
2019	$ 3,454,037
2020	$ 3,899,146
2021	$ 3,556,979
2022	$ (99,109)

NOTE 6 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.66 percent as well as the liability measured using one percent lower and one percent higher.

District proportionate share of NPL

1 percent decrease (3.66%)	Current (4.66%)	1 percent increase (5.66%)
$30,942,930	$24,019,353	$18,380,325

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

H. Pension Plan Fiduciary Net Position

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

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLAN

A. General Information about the OPEB Plan

Plan description. As noted in Note 1, the District provides post-retirement health care benefits based on provisions in the master contract.

Benefits provided. The District will contribute toward the premium for group health and hospitalization for those teachers who are eligible. The amount to be contributed shall remain at the amount contributed by the District for the teacher leaving under the Master Contract in effect at the time of the teacher's severance or retirement at the levels prescribed.

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

Active employees	111
Retirees receiving payments	8

B. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as July 1, 2016.

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Notes to Financial Statements (continued)
June 30, 2017

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.90 percent
Inflation	2.50 percent
Salary increases	3.00 percent
Investment rate of return	2.40 percent, net of investment expenses
Medical trend rate	6.75 percent in 2016, grading to 5.00 percent over 7 years

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2016.

The long-term expected rate of return on assets has been set based on the plan's target investment allocation along with long-term expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Clas Return
Fixed Income	95.00%	2.50%
Cash	5.00%	1.00%
Total	100.00%	2.40%

Discount rate. The discount rate used to measure the total OPEB liability was 2.90 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Changes in the Net OPEB Liability

	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2016	$ 713,691	$ 466,075	$ 247,616
Expected Changes for the Current Year:			
Service Cost	53,860	-	53,860
Interest	21,165	-	21,165
Assumption Changes	-	-	-
Plan Changes	-	-	-
Estimated Employer Contributions	-	-	-
Projected Investment Return	-	11,186	(11,186)
Differences between Expected and Actual Experience	-	(188)	188
Estimated Benefit Payments	(76,006)	(76,006)	-
Administrative Expenses	-	(250)	250
Other Changes	-	-	-
Total Net Changes	(981)	(65,258)	64,277
Balances at June 30, 2017	$ 712,710	$ 400,817	$ 311,893

There were some changes to assumptions used that affected the measurement of the total OPEB liability since the prior measurement date. The changes to assumptions are: the health care trend rates were changed to better anticipate short term and long term medical increases; the mortality table was updated from RP 2000 projected to 2014 with Scale BB to the RP-2014 White Collar mortality tables with MP-2015 Generational Improvement Scale; the withdrawal table for all employees and retirement table for only employees eligible to retire with Rule of 90 also were updated; and the discount rate was changed from 3.00 percent to 2.90 percent.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.90%) or 1-percentage-point higher (3.90%) that the current discount rate:

	1% Decrease (1.90%)	Dsicount Rate (2.90%)	1% Increase (3.90%)
Net OPEB Liability	$ 349,754	$ 311,893	$ 275,193

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75% decreasing to 4.00%) or 1-percentage-point higher (7.75% decreasing to 6.00%) than the current healthcare cost trend rates:

	5.75% decreasing to 4.00%	Healthcare Cost Tred Rates 6.75% decreasing to 5.00%	7.75% decreasing to 6.00%
Net OPEB Liability	$ 248,833	$ 311,893	$ 386,089

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available on page 37 of these financial statements.

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of $66,451. At June 30, 2017, 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 experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	150	-
Total	$ 150	$ -

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

Year ended June 30	
2018	$ 38
2019	$ 38
2020	$ 38
2021	$ 36
2022	$ -
Thereafter	$ -

NOTE 8 – EXPENDITURES EXCEEDING BUDGET

The following fund had expenditures exceeding budget:

Fund	Approved Budget	Actual Expenditures	Amount Over Budget
General Fund	$ 12,760,441	$ 13,344,016	$ 583,575
Community Service	$ 712,667	$ 822,699	$ 110,032

NOTE 9 – JOINTLY GOVERNED ORGANIZATIONS

The Hiawatha Valley Education District No. 6013-61 was established by an act of the 1987 Legislature of the State of Minnesota. The primary objective of the District is to provide, by a cooperative effort, comprehensive educational programs and other related services as can be effectively operated by its fifteen member districts and four member charter schools. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements, and other charges for services. The education district is able to recover the cost of its programs through the previously mentioned revenue sources. The jointly governed organization's financial statements are audited and available for inspection.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Legal Claims

The District has no legal claims pending at year-end.

B. Federal and State Receivables

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 11 – IMPLEMENTATION OF GASB STANDARDS NO. 74 AND NO. 75

During the year ended June 30, 2017 the District adopted two new Government Accounting Standards Board (GASB) Statements. The Statements are GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The principal objective of Statements No. 74 and No. 75 is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental benefit plans for making decisions and assessing accountability. These benefits are referred to as other postemployment benefits (OPEB), and the plans through which the benefits are provided are referred to as OPEB plans. The requirements of this Statement will improve financial reporting primarily through enhanced not disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The restatement due to the implementation of GASB No. 74 and No. 75 was an increase in the net OPEB liability in the amount of $1,042,290 for the year ended June 30, 2016. The District originally reported a negative net OPEB liability of $794,674 and due to the change for GASB No. 74 and No. 75 the District is reporting a net OPEB liability of $247,616 at June 30, 2016, as shown in Note 4 and Note 7.

Statement No 75 establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. That Statement also establishes requirements for reporting information about financial support provided by certain nonemployer entities for OPEB that is provided to the employees of other entities. The two statements are closely related in some areas, and certain provisions of Statement No. 74 refer to Statement No. 75.

NOTE 12 – TRA SPECIAL FUNDING FROM THE STATE OF MINNESOTA

During the year ended June 30, 2017, the District is recording $336,621 of support that it received from the State of Minnesota for TRA special funding situation and $1,776 of support that it received from the State of Minnesota for PERA special funding situation per GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 in the fund statements of the District. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* was implemented after June 2014, but the school districts did not have to report the special funding in its fund financial statements. This is the first year that school districts are reporting this special funding in the fund financial statements.

NOTE 13 – SUBSEQUENT EVENTS

On November 7, 2017 the voters of the District approved referendum revenue authorization of $850 per pupil subject to an annual increase in the rate of inflation. The approved referendum revenue authorization will be first levied in 2017 for taxes payable in 2018 and applicable for ten (10) years unless otherwise revoked or reduced as provided by law. This will first impact revenue for the District in the 2018-2019 school year.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
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La Crescent, Minnesota

Defined Benefit Pensions Plans
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
GERF/TRA Retirement Funds
June 30, 2017

Public Employees Retirement Association

	2017	2016
District's proportion of the net pension liability (asset)	0.02960%	0.03200%
District's proportionate share of the net pension liability (asset)	$ 2,403,373	$ 1,658,406
District's covered-employee payroll	$ 1,863,766	$ 1,841,200
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	128.96%	90.07%
Plan fiduciary net position as a percentage of the total pension liability	75.96%	96.30%

Teachers Retirement Association

	2017	2016
District's proportion of the net pension liability (asset)	0.10070%	0.11030%
District's proportionate share of the net pension liability (asset) (a)	$ 24,019,353	$ 6,823,146
District's proportionate share of the state of Minnesota's proportionate share of the net pension liability (b)	2,410,750	836,726
Proportionate share of the net pension liability and the District's share of the state of Minnesota's share of the net pension liability (a + b)	$ 26,430,103	$ 7,659,872
District's covered-employee payroll	$ 5,218,887	$ 5,209,202
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	460.24%	130.98%
Plan fiduciary net position as a percentage of the total pension liability	38.98%	93.79%

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Defined Benefit Pensions Plans
Schedule of District Contributions
GERF/TRA Retirement Funds
June 30, 2017

Public Employees Retirement Association

	2017	2016
Statutorily required contribution	$ 139,599	$ 138,090
Contributions in relation to the statutorily required contributions	139,599	138,090
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 1,863,766	$ 1,841,200
Contributions as a percentage of covered-employee payroll	7.50%	7.50%

Teachers Retirement Association

	2017	2016
Statutorily required contribution	$ 391,416	$ 390,690
Contributions in relation to the statutorily required contributions	391,416	390,690
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 5,218,887	$ 5,209,202
Contributions as a percentage of covered-employee payroll	7.50%	7.50%

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Required Supplementary Information
Schedule of Changes in the District's Net OPEB Liability and Related Ratios

For year ended June 30,

	2017
Total OPEB Liability:	
Service cost	$ 53,860
Interest	21,165
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(76,006)
Net change in total OPEB liability	(981)
Total OPEB liability - beginning of year	713,691
Total OPEB liability - end of year (a)	$ 712,710
Plan fiduciary net position	
Contrtibutions - employer	$ -
Net investment income	11,186
Differences between expected and actual experience	(188)
Benefit payments	(76,006)
Administrative expense	(250)
Net change in plan fiduciary net position	(65,258)
Plan fiduciary net position - beginning of year	466,075
Plan fiduciary net position - end of year (b)	$ 400,817
District's net OPEB liability - ending (a) - (b)	$ 311,893
Plan fiduciary net position as a percentage of the total OPEB liability	56.24%
Covered-employee payroll	6,320,533
District's net OPEB liability as a percentage of covered-employee payroll	4.93%

Notes to Schedule:
Changes of assumptions. The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality table was updated from RP 2000 projected to 2014 with Scale BB to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale. The withdrawal table for all employees and retirement table for only employees eligible to retire with Rule of 90 also were updated. The discount rate was changed from 3.00% to 2.90%.

This schedule is presented to illustrate the requirement to show information for 10 years. However, this is the first year for which information is available.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
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Debt Service Funds
Combining Balance Sheet
As of June 30, 2017
(with Comparative Totals as of June 30, 2016)

	Fund		Totals	
	General Debt Service	OPEB Debt Service	2017	2016
Assets				
Cash and investments	$ 491,201	$ 114,945	$ 606,146	$ 614,149
Current property taxes receivable	326,113	75,936	402,049	387,512
Delinquent property taxes receivable	8,931	2,071	11,002	12,414
Due from Minnesota Department of Education	2,316	537	2,853	3,227
Total Assets	$ 828,561	$ 193,489	$ 1,022,050	$ 1,017,302
Deferred Inflows of Resources				
Deferred revenue - property taxes levied for subsequent year's expenditures	$ 688,366	$ 160,289	$ 848,655	$ 813,958
Unavailable revenue - delinquent taxes	8,931	2,071	11,002	12,414
Total Deferred Inflows of Resources	697,297	162,360	859,657	826,372
Fund Balances				
Restricted	131,264	31,129	162,393	190,930
Total Fund Balances	131,264	31,129	162,393	190,930
Total Deferred Inflows of Resources and Fund Balances	$ 828,561	$ 193,489	$ 1,022,050	$ 1,017,302

LA CRESCENT - HOKAH PUBLIC SCHOOLS
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Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2017
(with Comparative Totals for Year Ended June 30, 2016)

	Fund		Totals	
	General Debt Service	OPEB Debt Service	2017	2016
Revenues				
Property taxes	$ 638,717	$ 148,118	$ 786,835	$ 826,795
Revenue from state sources	21,237	7,298	28,535	32,273
Total Revenues	659,954	155,416	815,370	859,068
Expenditures				
Principal	615,000	100,000	715,000	695,000
Interest and fiscal charges	71,337	57,570	128,907	148,545
Total Expenditures	686,337	157,570	843,907	843,545
Net Change in fund balance	(26,383)	(2,154)	(28,537)	15,523
Fund Balances				
Fund balances, beginning of year	157,647	33,283	190,930	175,407
Fund balances, end of year	$ 131,264	$ 31,129	$ 162,393	$ 190,930

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the School Board
Independent School District No. 300
La Crescent, Minnesota 55947

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 300 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2017.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. Finding 2017-1 through Finding 2017-2.

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

We noted certain matters that we reported to management of Independent School District No. 300 in a separate letter dated December 14, 2017.

Independent School District No. 300's Response to Findings
Independent School District No. 300's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Hill, Larson & Walth, P.A.

Hill, Larson & Walth, P.A.

December 14, 2017

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INDEPENDENT AUDITOR'S REPORT ON LEGAL COMPLIANCE

Members of the School Board
Independent School District No. 300
La Crescent, Minnesota 55947

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 300, as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2017.

The *Minnesota Legal Compliance Audit Guide for School Districts,* promulgated by the State Auditor pursuant to Minnesota Statutes Sec. 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 300 failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

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

Hill, Larson & Walth, P.A.

Hill, Larson & Walth, P.A.

December 14, 2017

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Schedule of Findings and Responses
For the Year Ended June 30, 2017

Compliance Area	Finding
Reportable Conditions	
2017-1	The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure adequate internal control. This is not unusual in districts of this size, but management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective control is management's knowledge of matters relating to the District's operations. Response is provided for in the Corrective Action Plan.
2017-2	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the statement of financial position and the results of its operations and changes in its net position for the year ended. The District does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in conformity with accounting principles generally accepted in the United States of America. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. Response is provided for in the Corrective Action Plan.

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Corrective Action Plans
For the Year Ended June 30, 2017

Finding 2017-1: The District has a lack of segregation of accounting functions.

Correction Action Plan (CAP):

1. Action Planned
   The District is aware of the lack of segregation of accounting functions. The board members review a list of all invoices at board meetings as an internal control measure for expenditures.

2. Official Responsible
   The Superintendent will be responsible for monitoring the lack of segregation of accounting functions.

3. Planned Completion Date
   The District will continue to monitor the lack of segregation of duties.

4. Explanation
   The District is in agreement with the lack of segregation of accounting functions.

5. Plan to Monitor
   The Superintendent will monitor the completion of this corrective action plan.

Finding 2017-2: The District lacks oversight of the financial reporting process.

Correction Action Plan (CAP):

1. Action Planned
   The District will continue to have the auditor prepare the financial statements; however, the District has established an internal control policy to document the annual review of the financial statements, disclosures and schedules.

2. Official Responsible
   The Superintendent will be responsible for making sure the policy is reviewed.

3. Planned Completion Date
   The policy will continue in future years.

4. Explanation
   The District is in agreement with the lack of oversight of the financial reporting process.

1. Plan to Monitor
   The Superintendent will monitor the policy.

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Comments on Prior Year Findings
For the Year Ended June 30, 2017

The District did not have any findings for the year ended June 30, 2016.

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INDEPENDENT AUDITOR'S REPORT

Members of the School Board, Advisors, and Students
Independent School District No. 300
La Crescent, Minnesota 55947

We have audited the accompanying statements of cash receipts, disbursements and balances of the extracurricular student activity accounts of Independent School District No. 300 (the District) as of and for the year ended June 30, 2017, and the related note to the extracurricular student activity accounts financial statement.

Management's Responsibility for the Financial Statements
The District's extracurricular student activities management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in the note to the extracurricular student activity accounts financial statements; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, except for such adjustments, if any, as might have been determined to be necessary had the cash collections referred to in the emphasis of matter paragraph below been susceptible to satisfactory audit tests, the financial statement referred to above presents fairly, in all material respects, the cash balances of the District's extracurricular student activity accounts as of June 30, 2017, and the cash receipts and disbursements for the year then ended, on the cash basis of accounting described in the note to extracurricular student activity accounts financial statements.

Emphasis of Matter
The District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. Accordingly, it was not practical for us to extend our audit of such cash collections beyond the amounts recorded.

Basis of Accounting
We draw attention to the note to extracurricular student activity accounts financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Hill, Larson & Walth, P.A.

Hill, Larson & Walth, P.A.

December 14, 2017

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Statement of Cash Receipts, Disbursements and Balances
Student Activity Accounts - High School
For the Year Ended June 30, 2017

Fund	Balance 6/30/16	Receipts	Disbursements	Balance 6/30/17
5th Grade Fundraising	$ 6,795	$ 4,287	$ 3,787	$ 7,295
6th Grade Fundraising	5,917	12,075	12,774	5,218
7th Grade Fundraising	4,234	884	1,107	4,011
8th Grade Fundraising	6,873	596	164	7,305
Band	8,017	10,804	8,018	10,803
Band MS Fundraising	100	100	100	100
Boys Basketball	581	3,635	1,657	2,559
Boys Soccer	141	305	305	141
Cheer Squad	-	1,662	966	696
Choir	11,162	35,740	37,665	9,237
Chopper Club	747	5,480	1,573	4,654
Class of 2015	1,308	-	82	1,226
Class of 2016	5,904	-	2,654	3,250
Class of 2017	470	7,354	5,193	2,631
Class of 2018	23	6,438	4,955	1,506
Community Awareness	165	-	165	-
Drama	1,343	2,533	1,343	2,533
F.C.A.	124	-	-	124
Football	435	491	-	926
G.S.A	154	-	67	87
Girls Basketball	1,196	1,990	980	2,206
Girls Soccer	28	-	-	28
Gymnastics	2,837	3,261	597	5,501
High School Student Account	1,748	596	1,293	1,051
Hockey	1	-	-	1
Interest	(67)	175	-	108
Lance	13,338	5,747	6,770	12,315
Lego League	1,356	4,446	3,501	2,301
Math Club	113	279	153	239
Math Masters	78	-	-	78
Middle School Drama	150	672	376	446
Middle School Fundraising	8,570	17,948	17,918	8,600
Middle School Yearbook	3,140	1,626	1,481	3,285
Middle School Student Council	1,796	2,732	2,951	1,577
Motivation Nation	643	1,961	2,012	592

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Statement of Cash Receipts, Disbursements and Balances
Student Activity Accounts - High School (Continued)
For the Year Ended June 30, 2017

Fund	Balance 6/30/16	Receipts	Disbursements	Balance 6/30/17
National Honor Society	$ 517	$ 475	$ 432	$ 560
Robotics	641	31,147	28,365	3,423
School Store	87	-	-	87
Shop Club	520	690	798	412
Spanish	1,505	-	-	1,505
Student Council	2,053	2,704	2,715	2,042
Track	82	1,020	1,035	67
Train Heroic	-	1,294	783	511
Volleyball	201	326	201	326
Women's Studies	27	195	-	222
Wrestling	816	117	-	933
Totals	$ 95,869	$ 171,785	$ 154,936	$ 112,718

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Statement of Cash Receipts, Disbursements and Balances
Student Activity Accounts Elementary School
For the Year Ended June 30, 2017

Fund	Balance 6/30/16	Receipts	Disbursements	Balance 6/30/17
Student Council	$ 144	$ -	$ 144	$ -
Interest / Fees	4	-	4	-
Totals	$ 148	$ -	$ 148	$ -

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Note to Extracurricular Student Activity Accounts Financial Statements
June 30, 2017

Student activity fund transactions are defined as extracurricular programs conducted for the motivation and enjoyment of students. These programs and activities are not offered for school credits nor required for graduation. Activities are generally conducted outside of school hours. Primarily the students under the guidance of a staff member or other adult determine the content of the activities.

Student activities are to be self-sustaining with all expenses paid by dues, admissions, or other student fund-raising events.

The accounts of the Student Activity Funds are maintained, and the accompanying financial statements have been prepared on the cash basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

At June 30, 2017 student activity bank deposits are covered by federal depository insurance or were properly collateralized.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

Members of the School Board, Advisers, and Students
Independent School District No. 300
La Crescent, Minnesota 55947

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statements of cash receipts, disbursements and balances of the extracurricular student activity accounts of Independent School District No. 300 (the District) as of and for the year ended June 30, 2017, and the related note to the extracurricular student activity accounts financial statement, and have issued our report thereon dated December 14, 2017. Our report was qualified for a restriction on the scope of our audit resulting from the accounting system relating to cash receipts, which allows us only to audit cash collections that are recorded. Further, the financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The provisions of the *Manual for Activity Fund Accounting,* issued by the Minnesota Department of Education, provides uniform financial accounting and reporting standards for student activities. Compliance with student activity laws and regulations is the responsibility of the District's extracurricular student activity accounts management. We have performed auditing procedures to test compliance with the provisions of this manual. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Manual for Activity Fund Accounting,* except as described in the Schedule of Findings and Responses as items SA2017-1 and SA2017-2. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions.

The District's responses to the findings identified in our audit have been included in the Schedule of Findings and Responses. The District's responses were not subject to the auditing procedures applied in our audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended for the information and use of those charged with governance, management, and students of Independent School District No. 300 and the Minnesota Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Hill, Larson & Walth, P.A.

Hill, Larson & Walth, P.A.

December 14, 2017

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Schedule of Findings and Responses
For the Year Ended June 30, 2017

Compliance Area	Finding
Reportable Conditions	
SA2017-1	The District has six student activity accounts with no activity for at least one year. Of the six student activity accounts, three have had no activity for at least two years. Inactive student activity accounts should be closed in a timely manner if there is going to be no further activity. Response is provided for in the Corrective Action Plan.
SA2017-2	The District has one student activity account related to a graduated class that has funds remaining after graduation. According to the Manual for Activity Fund Accounting any funds remaining in a student activity account related to a graduated class after graduation must be disposed of in the manner indicated on the activity purpose form no later than September 1st after graduation. At June 30, 2017 the Class of 2015 had not disposed of its remaining funds in the proper manner. Response is provided for in the Corrective Action Plan.

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Corrective Action Plans
For the Year Ended June 30, 2017

Finding SA2017-1: The District has six student activity accounts with no activity for at least one year. Of the six student activity accounts, three have had no activity for at least two years. Inactive student activity accounts must be reviewed to see if they should be closed.

Correction Action Plan (CAP):

1. Action Planned
   The District is aware of the activity accounts with no activity. The District will consider transferring the remaining balances in the accounts that have no activity and discontinue their use.

2. Official Responsible
   The Superintendent will be responsible for implementing the plan.

3. Planned Completion Date
   The District was made aware of the finding on December 14, 2017, the date this finding was reviewed with our auditor. Implementation of this plan will begin on December 14, 2017, the day the District was made aware of the finding.

4. Explanation
   The District is in agreement with this audit finding.

5. Plan to Monitor
   The Superintendent will monitor this corrective action plan by reviewing the activity accounts on a quarterly basis and approving adjustments that may need to be made.

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Corrective Action Plans
For the Year Ended June 30, 2017

Finding SA2017-2: The District has one student activity account related to a graduated class that has funds remaining after graduation. According to the Manual for Activity Fund Accounting any funds remaining in a student activity account related to a graduated class after graduation must be disposed of in the manner indicated on the activity purpose form no later than September 1st after graduation. At June 30, 2017 the Class of 2015 had not disposed of its remaining funds in the proper manner.

Correction Action Plan (CAP):

1. Action Planned
   The District is aware of the remaining funds in the Class of 2015.

2. Official Responsible
   The Superintendent will be responsible for disposal of the funds in the Class of 2015 in the proper manner..

3. Planned Completion Date
   The District was made aware of the finding on December 14, 2017, the date this finding was reviewed with our auditor. Resolution of this finding will begin on December 15, 2017, the day after the District was made aware of the finding.

4. Explanation
   The District is in agreement with this audit finding.

5. Plan to Monitor
   The Superintendent will monitor the student activity accounts and make sure that student activity accounts related to a graduated class have been disposed of in the proper manner.

LA CRESCENT – HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Comments on Prior Year Findings
For the Year Ended June 30, 2017

The District had two reportable conditions in the June 30, 2016 audit report related to the student activity accounts. The District had seven student activity accounts with no activity for the year ended June 30, 2016. The District continues to have student activity accounts with no activity. The District is monitoring the student activity accounts with no activity and reviewing them to see if there will still be activity or if they need to have the funds transferred to another activity. The District had one student activity account with an ending deficit balance. At June 30, 2017 there were no student activities with an ending deficit balance.

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2017

01 GENERAL FUND	Audit	UFARS	Audit - UFARS
Total Revenue	$13,170,292	$13,170,292	$0
Total Expenditures	$13,344,016	$13,344,016	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$33,390	$33,390	$0
Restricted / Reserved:			
4.03 Staff Development	$86,188	$86,188	$0
4.06 Health and Safety	$41,059	$41,059	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$172,909	$172,909	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$40,322	$40,322	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.45 Career Tech Programs	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe School Crime - Crime Levy	$23,866	$23,866	$0
4.50 Pre-Kindergarten	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.67 LTFM	($292,179)	($292,179)	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$167,000	$167,000	$0
Unassigned:			
4.22 Unassigned Fund Balance	$1,133,698	$1,133,698	$0

02 FOOD SERVICES	Audit	UFARS	Audit - UFARS
Total Revenue	$663,748	$663,748	$0
Total Expenditures	$693,868	$693,868	$0
Non Spendable:			

06 BUILDING CONSTRUCTION	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Project Funded by COP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE	Audit	UFARS	Audit - UFARS
Total Revenue	$659,954	$659,954	$0
Total Expenditures	$686,337	$686,338	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$131,264	$131,265	($1)
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

20 INTERNAL SERVICE	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

25 OPEB REVOCABLE TRUST	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST	Audit	UFARS	Audit - UFARS
Total Revenue	$10,998	$10,998	$0
Total Expenditures	$76,256	$76,256	$0

LA CRESCENT - HOKAH PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 300
La Crescent, Minnesota

Uniform Financial Accounting and Reporting Standards
Compliance Table (Continued)
June 30, 2017

4.60 Non Spendable Fund Balance	$6,431	$6,431	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$129,980	$129,980	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE			
Total Revenue	$898,815	$898,815	$0
Total Expenditures	$822,699	$822,699	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$180,222	$180,222	$0
4.32 E.C.F.E	$20,806	$20,806	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$176,147	$176,147	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$23,513	$23,514	($1)
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

4.22 Unassigned Fund Balance (Net Assets)	$400,817	$400,817	$0

47 OPEB DEBT SERVICE			
Total Revenue	$155,416	$155,416	$0
Total Expenditures	$157,570	$157,570	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$0	$0	$0
4.64 Restricted Fund Balance	$31,129	$31,129	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

APPENDIX B

FORM OF LEGAL OPINION

(See following page)

FORM OF LEGAL OPINION

DORSEY

Independent School District No. 300
La Crescent, Minnesota

[Original Purchaser]

Re: $835,000 General Obligation Taxable OPEB Refunding Bonds, Series 2018A
Independent School District No. 300 (La Crescent-Hokah)
Houston and Winona Counties, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 300 (La Crescent-Hokah), Houston and Winona Counties, Minnesota (the District), of the obligations described above, dated, as originally issued, as of November 8, 2018 (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.

DORSEY & WHITNEY LLP · WWW.DORSEY.COM · **T** 612.340.2600 · **F** 612.340.2868
SUITE 1500 · 50 SOUTH SIXTH STREET · MINNEAPOLIS, MINNESOTA 55402-1498
USA CANADA EUROPE ASIA

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. Except as stated in this opinion, we express no opinion regarding federal, state or other tax consequences to holders of the Bonds.

We have not been engaged, 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 8th day of November, 2018.

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 page)

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, 2018, the following financial information and operating data in respect of the District (the Disclosure Information):

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

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

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

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

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

(I) defeasances;

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

(K) rating changes;

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

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

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

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.

(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

$835,000* GENERAL OBLIGATION TAXABLE OPEB REFUNDING BONDS, SERIES 2018A INDEPENDENT SCHOOL DISTRICT NO. 300 (LA CRESCENT-HOKAH), MINNESOTA

Proposals for the purchase of $835,000* General Obligation Taxable OPEB Refunding Bonds, Series 2018A (the "Bonds") of Independent School District No. 300 (La Crescent-Hokah), Minnesota (the "District") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the District, until 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 A.M. Central Time, on October 17, 2018, at which time they will be opened, read and tabulated. The proposals will be presented to the Board of Education for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, and Sections 475.52, Subdivision 6 and 475.67, by the District, for the purpose of effecting a current refunding of certain outstanding general obligations of the District as more fully described herein. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated November 8, 2018, 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*
2020	$120,000	2022	$140,000	2024	$145,000
2021	135,000	2023	140,000	2025	155,000

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2019, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

The Bonds are being offered without option of prior redemption.

DELIVERY

On or about November 8, 2018, 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 as to the validity of the Bonds will be furnished by Dorsey & Whitney LLP, of Minneapolis, Minnesota, bond counsel to the District. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

SUBMISSION OF PROPOSALS

Proposals must not be for less than $818,300 plus accrued interest on the principal sum of $835,000 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) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or

3) Electronically via **PARITY** in accordance with this Terms of Proposal until 11:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

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 $16,700 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the Board of Education

Independent School District No. 300
(La Crescent-Hokah), Minnesota

PROPOSAL FORM

The Board of Education **October 17, 2018**
Independent School District No. 300 (La Crescent-Hokah), Minnesota

RE: $835,000* General Obligation Taxable OPEB Refunding Bonds, Series 2018A
DATED: November 8, 2018

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 $818,300) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due	2020	________	% due	2022	________	% due	2024
________	% due	2021	________	% due	2023	________	% due	2025

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

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

We enclose our Deposit in the amount of $16,700, to be held by the District pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138.** Such Deposit shall be received by Ehlers & Associates no later than two hours after the proposal opening time. 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. 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. If our proposal is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & 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 November 8, 2018.

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 this Issue.

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

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

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

Account Manager: ______________________________ By: ______________________________
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from November 8, 2018 of the above proposal is $_______________and the true interest cost (TIC) is __________%.

The foregoing offer is hereby accepted by and on behalf of the Board of Education of Independent School District No. 300 (La Crescent-Hokah), Minnesota, on October 17, 2018.

By: ______________________________ By: ______________________________

Title: ______________________________ Title: ______________________________