PRELIMINARY OFFICIAL STATEMENT DATED MAY 8, 2025

In the opinion of Kennedy & Graven, Chartered, Bond Counsel to the District, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect) and, assuming compliance with certain covenants set forth in the resolution approving the issuance of the Bonds, interest to be paid on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding the other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "TAX EXEMPTION" herein.

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: S&P Global Ratings**

INDEPENDENT SCHOOL DISTRICT NO. 2907
(ROUND LAKE-BREWSTER PUBLIC SCHOOLS), MINNESOTA
(Nobles and Jackson Counties)

(Minnesota School District Credit Enhancement Program)
$9,980,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2025A

PROPOSAL OPENING: May 21, 2025, 10:30 A.M., C.T. **CONSIDERATION**: May 21, 2025, 5:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $9,980,000* General Obligation School Building Bonds, Series 2025A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held February 14, 2023, by Independent School District No. 2907 (Round Lake-Brewster Public Schools), Minnesota (the "District"), for the purpose of financing the acquisition and betterment of school sites and facilities in the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: June 12, 2025

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2026	$615,000	2031	$690,000	2036	$640,000
2027	475,000	2032	725,000	2037	665,000
2028	565,000	2033	760,000	2038	695,000
2029	590,000	2034	800,000	2039	725,000
2030	660,000	2035	615,000	2040	760,000

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2026 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2034 and thereafter are subject to call for prior optional redemption on February 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: $9,980,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $199,600 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Kennedy & Graven, Chartered.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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ROUND LAKE-BREWSTER PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
Jerry Luinenburg	Board Chair	January 2027
Pam Wendlund	Vice Chair	January 2026
Robert Bohn	Clerk	January 2027
Nate Rehnelt	Treasurer	January 2026
Kyle Wendland	Member	January 2027
Trevor Wintz	Member	January 2027

ADMINISTRATION

Raymond Hassing, Superintendent of Schools

PROFESSIONAL SERVICES

Southwest West Central Service Cooperative, Outsourced Business Manager, Marshall, Minnesota

Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, Minnesota

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 2907 (Round Lake-Brewster Public Schools), Minnesota (the "District") and the issuance of its $9,980,000* General Obligation School Building Bonds, Series 2025A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on May 21, 2025.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of June 12, 2025.The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2026, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2034 shall be subject to optional redemption prior to maturity on February 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

AUTHORITY; PURPOSE

The Bonds will be issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held February 14, 2023, by the District, at which voters approved the issuance of school building bonds in the amount of $30,480,000 by a vote of 219 - 181. On May 11, 2023, the District issued its General Obligation School Building Bonds in the aggregate principal amount of $20,500,000, leaving a remaining voter-approved bonding authority of $9,980,000. The Bonds will be issued in the amount of the remaining voter-approved authority. Proceeds of the Bonds will be used to provide funds for the acquisition and betterment of school sites and facilities, including the construction and equipping of a building addition at the existing school site; the demolition of portions of the existing school facility; and the completion of various building renovations and deferred maintenance projects at school sites and facilities.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	$9,980,000	
Reoffering Premium	282,396	
Total Sources		**$10,262,396**
Uses		
Total Underwriter's Discount (1.000%)	$99,800	
Costs of Issuance	90,000	
Deposit to Construction Fund	10,072,596	
Total Uses		**$10,262,396**

*Preliminary, subject to change.

SECURITY

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

RATING

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

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

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

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on April 16, 2025 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

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

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

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

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

In its Official Statement dated July 29, 2024, for General Obligation State Bonds, Series 2024A, 2024B, 2024C, 2024D and 2024E, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts:

> "As of June 30, 2024, 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 2054, is approximately $19,750,000,000. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of June 30, 2024 is currently estimated at $1,500,000,000, with the maximum amount of principal and interest payable in any one month being $1,185,000,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.
>
> The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

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

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

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

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

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the District ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion 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). See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION

On the date of issuance of the Bonds, Bond Counsel will render an opinion that, at the time of issuance and delivery of the Bonds to the original purchaser, based on present federal and State of Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Award Resolution, interest on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from the taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, interest on the Bonds is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporation" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

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

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

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

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

Legislative proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status on municipal bonds. For example, legislation has been proposed that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(6)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2024 have been audited by Meulebroeck, Taubert & Co., PLLP, Luverne, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VALUATIONS

OVERVIEW

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

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

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

Type of Property	2022/23	2023/24	2024/25
Residential homestead[1]	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%
Agricultural homestead[1]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,900,000 - 0.50% [2] Over $1,900,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,890,000 - 0.50% [2] Over $1,890,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $2,150,000 - 0.50% [2] Over $2,150,000 - 1.00% [2]
Agricultural non-homestead	Land - 1.00% [2]	Land - 1.00% [2]	Land - 1.00% [2]
Seasonal recreational residential	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]
Residential non-homestead:	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $174,000 - .75% Over $174,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $100,000 - .75% Over $100,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental - .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%

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

2023/24 Economic Market Value[1] $1,204,221,185[2]

2024/25 Assessor's Estimated Market Value

	Nobles County	Jackson County	Total
Real Estate	$748,844,500	$403,663,800	$1,152,508,300
Personal Property	6,538,000	3,894,100	10,432,100
Total Valuation	$755,382,500	$407,557,900	$1,162,940,400

2024/25 Net Tax Capacity

	Nobles County	Jackson County	Total
Real Estate	$6,639,523	$3,328,819	$9,968,342
Personal Property	128,097	74,542	202,639
Net Tax Capacity	$6,767,620	$3,403,361	$10,170,981
Less: Power Line Adjustment[3]	0	(2,670)	(2,670)
Taxable Net Tax Capacity	$6,767,620	$3,400,691	$10,168,311

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1 Most recent value available from the Minnesota Department of Revenue.

2 According to the Minnesota Department of Revenue, the 2023/24 Assessor's Estimated Market Value (the "AEMV") for the District was about 92.71% of the actual selling prices of property 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 a 2023/24 Economic Market Value ("EMV") for the District of $1,204,221,185.

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

2024/25 NET TAX CAPACITY BY CLASSIFICATION

	2024/25 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$713,034	7.01%
Agricultural	8,266,442	81.27%
Commercial/industrial	696,917	6.85%
Public utility	6,084	0.06%
Railroad operating property	70,152	0.69%
Non-homestead residential	194,404	1.91%
Commercial & residential seasonal/rec.	21,309	0.21%
Personal property	202,639	1.99%
Total	$10,170,981	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2020/21	$703,384,100	$689,581,953	$6,258,268	$6,258,268	-0.69%
2021/22	705,013,700	691,131,385	6,306,255	6,306,255	0.23%
2022/23	809,889,700	796,077,615	7,349,731	7,349,731	14.88%
2023/24	1,115,077,800	1,102,872,311	10,193,458	10,190,736	37.68%
2024/25	1,162,940,400	1,146,065,687	10,170,981	10,168,311	4.29%

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[1] Net Tax Capacity includes power line values.

[2] Taxable Net Tax Capacity does not include power line values.

LARGEST TAXPAYERS

Taxpayer	Type of Property	2024/25 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Individual	Agricultural	$458,701	4.51%
Minnesota Soybean Processors	Industrial	444,922	4.37%
New Vision Co-Op	Agricultural	149,366	1.47%
Individual	Agricultural	142,555	1.40%
McCarvel Properties LLC	Agricultural	136,493	1.34%
Xcel Energy	Utility	104,404	1.03%
Individual	Agricultural	96,018	0.94%
Individual	Agricultural	78,124	0.77%
Individual	Agricultural	76,526	0.75%
Individual	Agricultural	74,349	0.73%
Total		$1,761,458	17.32%

District's Total 2024/25 Net Tax Capacity $10,170,981

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Nobles and Jackson Counties.

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)* $31,285,000

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

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

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

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

FUTURE FINANCING

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

STATE AID FOR DEBT SERVICE

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

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

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

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minnesota Statutes, Section 273.1387). For taxes payable in 2023, and thereafter, the reimbursement percentage for each qualifying property is 70% of the property's eligible net tax capacity multiplied by the school debt tax rate determined under Minnesota Statutes, Section 275.08, subdivision 1b. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, and to rural vacant land and managed forest land. The amount of agricultural credit received in the debt service fund for taxes payable 2024 is approximately 55.62% of total annual debt service levies, based on the District's 2023/24 qualifying agricultural land valuation.

BONDED DEBT LIMIT

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

2023/24 Economic Market Value	$1,204,221,185
Multiply by 15%	0.15
Statutory Debt Limit	$180,633,178
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(31,285,000)
Unused Debt Limit*	$149,348,178

*Preliminary, subject to change.

Independent School District No. 2907 (Round Lake-Brewster Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/12/2025)

	Facilities Maintenance Bonds Series 2018A		School Building Bonds Series 2019A		School Building Bonds Series 2023A		School Building Bonds Series 2025A							
Dated	07/12/2018		08/08/2019		05/11/2023		06/12/2025							
Amount	$1,000,000		$1,885,000		$20,500,000		$9,980,000*							
Maturity	02/01		02/01		02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2026	65,000	21,388	80,000	51,350	540,000	880,800	615,000	306,868	1,300,000	1,260,405	2,560,405	29,985,000	4.16%	**2026**
2027	65,000	19,438	85,000	47,350	565,000	853,800	475,000	451,663	1,190,000	1,372,250	2,562,250	28,795,000	7.96%	**2027**
2028	70,000	17,488	85,000	43,100	595,000	825,550	565,000	427,913	1,315,000	1,314,050	2,629,050	27,480,000	12.16%	**2028**
2029	70,000	15,388	90,000	38,850	625,000	795,800	590,000	399,663	1,375,000	1,249,700	2,624,700	26,105,000	16.56%	**2029**
2030	70,000	13,113	95,000	36,150	655,000	764,550	660,000	370,163	1,480,000	1,183,975	2,663,975	24,625,000	21.29%	**2030**
2031	75,000	10,838	95,000	33,300	690,000	731,800	690,000	337,163	1,550,000	1,113,100	2,663,100	23,075,000	26.24%	**2031**
2032	75,000	8,400	100,000	30,450	725,000	697,300	725,000	302,663	1,625,000	1,038,813	2,663,813	21,450,000	31.44%	**2032**
2033	80,000	5,775	105,000	27,450	760,000	661,050	760,000	266,413	1,705,000	960,688	2,665,688	19,745,000	36.89%	**2033**
2034	85,000	2,975	105,000	24,300	800,000	623,050	800,000	228,413	1,790,000	878,738	2,668,738	17,955,000	42.61%	**2034**
2035			110,000	21,150	840,000	583,050	615,000	188,413	1,565,000	792,613	2,357,613	16,390,000	47.61%	**2035**
2036			110,000	17,850	880,000	541,050	640,000	162,275	1,630,000	721,175	2,351,175	14,760,000	52.82%	**2036**
2037			115,000	14,550	925,000	497,050	665,000	133,475	1,705,000	645,075	2,350,075	13,055,000	58.27%	**2037**
2038			120,000	11,100	970,000	450,800	695,000	103,550	1,785,000	565,450	2,350,450	11,270,000	63.98%	**2038**
2039			125,000	7,500	1,020,000	402,300	725,000	70,538	1,870,000	480,338	2,350,338	9,400,000	69.95%	**2039**
2040			125,000	3,750	1,070,000	351,300	760,000	36,100	1,955,000	391,150	2,346,150	7,445,000	76.20%	**2040**
2041					1,120,000	297,800			1,120,000	297,800	1,417,800	6,325,000	79.78%	**2041**
2042					1,165,000	253,000			1,165,000	253,000	1,418,000	5,160,000	83.51%	**2042**
2043					1,215,000	206,400			1,215,000	206,400	1,421,400	3,945,000	87.39%	**2043**
2044					1,265,000	157,800			1,265,000	157,800	1,422,800	2,680,000	91.43%	**2044**
2045					1,315,000	107,200			1,315,000	107,200	1,422,200	1,365,000	95.64%	**2045**
2046					1,365,000	54,600			1,365,000	54,600	1,419,600	0	100.00%	**2046**
	655,000	114,800	1,545,000	408,200	19,105,000	10,736,050	9,980,000	3,785,268	31,285,000	15,044,318	46,329,318			

* Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2024/25 Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
Counties of:				
Jackson	$482,135,564	0.7053%	$67,755,000	$477,876
Nobles	65,725,824	10.2967%	5,240,000	539,547
District's Share of Total Overlapping Debt				$1,017,423

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $1,204,221,185	Debt/ Per Capita 1,559[3]
Direct G.O. Debt Being Paid From Taxes and State Aids*	$31,285,000		
Less: Agricultural Credit[4]	(17,400,717)		
Tax Supported General Obligation Debt*	$13,884,283	1.15%	$8,905.89
District's Share of Total Overlapping Debt	$1,017,423	0.08%	$652.61
Total*	$14,901,706	1.24%	$9,558.50

*Preliminary, subject to change.

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

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

3 Estimated 2023 population.

4 Based on current State law and statistics, the State of Minnesota is estimated to pay approximately 55.62% of the principal and interest of the District's general obligation bonds. Assuming this percentage continues for the life of the issue, the State's proportionate share of principal is $17,400,717.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date	% Collected
2020/21	$1,095,718	$1,085,108	$1,095,381	99.97%
2021/22	1,108,243	1,090,956	1,106,694	99.86%
2022/23	1,066,271	1,052,382	1,060,819	99.49%
2023/24	2,176,171	2,144,495	2,144,495	98.54%
2024/25	2,147,454	In process of collection		

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

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

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

TAX CAPACITY RATES[1]

	2020/21	2021/22	2022/23	2023/24	2024/25
I.S.D. No. 2907 (Round Lake-Brewster Public Schools)	7.440%	7.178%	6.017%	28.769%	29.004%
Jackson County	37.032%	38.592%	34.605%	27.942%	28.466%
Nobles County	35.502%	36.365%	33.469%	25.686%	27.312%
City of Brewster	31.838%	31.455%	30.554%	29.833%	31.715%
City of Round Lake	94.941%	99.802%	73.649%	68.429%	53.485%
Town of Round Lake[2]	8.610%	9.407%	8.249%	7.140%	7.419%
Heron Lake Watershed (portion applicable to Jackson County)	1.093%	1.093%	0.818%	0.751%	0.694%
Heron Lake Watershed (portion applicable to Nobles County)	1.099%	1.091%	0.891%	0.682%	0.717%
Okabena-Ocheda Watershed	2.477%	2.422%	2.015%	1.673%	1.657%
Region 8 Development	0.152%	0.158%	0.131%	0.106%	0.104%
SWRDC	0.153%	0.155%	0.140%	0.104%	0.109%
Referendum Market Value Rates:					
I.S.D. No. 2907 (Round Lake-Brewster Public Schools)	0.61310%	0.61637%	0.50643%	0.43293%	0.38423%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Nobles and Jackson Counties.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 124, including 33 non-licensed employees and 39 licensed employees. The District provides education for 503 students in grades kindergarten through twelve.

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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.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

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

Public Employees' Retirement Association (PERA)

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

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Teacher Union	June 30, 2025
ESP Union	June 30, 2026

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent Audited Financial Statements (Audit) shows a total OPEB liability of $45,087 as of June 30, 2024. The District has been funding these obligations on a pay-as-you-go basis.

Source: The District's most recent Audit.

STUDENT BODY

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2020/21	47	253	121	421
2021/22	54	277	120	451
2022/23	56	272	159	487
2023/24	66	293	141	500
2024/25	55	300	148	503

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2025/26	60	301	153	514
2026/27	60	312	184	556
2027/28	40	296	225	561

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Round Lake-Brewster School	1914	1952, 1961, 2014, 2020

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

FUNDS ON HAND (as of March 31, 2025)

Fund	**Total Cash and Investments**
General	$9,331,077
Food Service	308,800
Community Service	96,737
Debt Service	(313,960) [1]
Building/Construction	7,164,627
Activity	50,100
Total Funds on Hand	$16,637,381

[1] The Debt Service fund is showing a negative balance as of March 31, 2025, as the District records all property tax receipts in the General Fund during the year. Property tax receipts are allocated to the Debt Service fund during the fiscal year-end closing process. The District expects the Debt Service fund to show a positive cash balance as of June 30, 2025, consistent with the cash balance shown in the prior year audit report.

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, 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 2024 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				
	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2024-25 Adopted Budget[1]
Revenues					
Local property taxes	$775,002	$916,874	$969,798	$943,311	$1,000,101
Other local and county revenues	21,426	39,817	236,287	401,049	231,750
Revenue from state sources	4,460,857	4,497,860	5,241,774	6,425,534	6,163,795
Revenue from federal sources	475,159	817,021	516,030	205,911	150,661
Sales and other conversion of assets	1,285	12,902	19,583	0	0
Total Revenues	$5,733,729	$6,284,474	$6,983,472	$7,975,805	$7,546,307
Expenditures					
Current:					
Administration	$348,093	$388,747	$407,213	$436,278	$490,932
District support services	87,797	111,296	147,749	133,369	227,133
Elementary and secondary regular instruction	2,619,808	3,016,884	3,065,519	3,297,271	4,056,179
Exceptional instruction	313,131	375,948	445,543	600,491	640,470
Instructional support services	218,673	265,308	317,916	256,676	309,446
Pupil support services	963,584	1,057,196	1,103,018	1,041,332	1,359,791
Sites and buildings	405,598	466,827	442,369	429,150	543,509
Fiscal and other fixed cost programs	25,679	30,861	35,734	43,267	60,860
Total Expenditures	$4,982,363	$5,713,067	$5,965,061	$6,237,834	$7,688,320
Excess of revenues over (under) expenditures	$751,366	$571,407	$1,018,411	$1,737,971	($142,013)
Other Financing Sources (Uses)					
Sale of equipment proceeds	$1,008	$73,517	$57,953	$66,482	$0
Insurance recovery proceeds	0	27,799	58,139	2,818	0
Transfers in	70,000	0	0	0	0
Transfers (out)	0	0	0	0	0
Total Other Financing Sources (Uses)	71,008	101,316	116,092	69,300	0
Net changes in Fund Balances	$822,374	$672,723	$1,134,503	$1,807,271	($142,013)
General Fund Balance July 1	$3,168,019	$3,990,393	$4,663,115	$5,797,618	
Prior Period Adjustment	0	0	0	0	
General Fund Balance June 30	$3,990,393	$4,663,116	$5,797,618	$7,604,889	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$0	$0	$52,735	$40,156	
Restricted	505,677	349,222	438,120	776,253	
Committed	19,571	18,603	17,157	248,742	
Unassigned	3,465,145	4,295,291	5,289,606	6,539,738	
Total	$3,990,393	$4,663,116	$5,797,618	$7,604,889	

[1] The 2024-25 budget was adopted on June 17, 2024.The District has a history of adopting conservative budgets and producing actual financial results that are more favorable than the budget. As a result of this history and tracking of expenditures to date, District officials expect that actual expenditures will be balanced in fiscal year 2024-25.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 1,608 and a 2023 population estimate of 1,559, and comprising an area of 140.3 square miles, is located approximately 176 miles southwest St. Paul, Minnesota.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 2907 (Round Lake-Brewster Public Schools)	Elementary and secondary education	124
Minnesota Soybean Processors	Grain broker	75
New Vision Co-op	Feed manufacturer	52
Round Lake Vineyards & Winery	Vineyards and winery	50
ARGO Corp.	Farm equipment manufacturers	41
Eastside Acres Campground	RV park and campground	10
Rolling Hills Bank & Trust	Bank	6
Red Rock Holding	Holding company	6
Brewster Heating & Cooling	HVAC contractor	5
Round Lake Pit Stop	Convenience store and gas station	4

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

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	1,681
2020 U.S. Census population	1,608
Percent of Change 2010 - 2020	-4.34%
2023 State Demographer Estimate	1,559

[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.

Income and Age Statistics

	The District	Nobles County	State of Minnesota	United States
2023 per capita income	$26,485	$30,310	$46,957	$43,289
2023 median household income	$50,563	$65,509	$87,556	$78,538
2023 median family income	$65,139	$79,909	$111,492	$96,922
2023 median gross rent	$550	$863	$1,235	$1,348
2023 median value owner occupied units	$100,200	$179,200	$305,500	$303,400
2023 median age	41.4 yrs.	36.3 yrs.	38.6 yrs.	38.7 yrs.

	State of Minnesota	United States
District % of 2023 per capita income	56.40%	61.18%
District % of 2023 median family income	58.42%	67.21%

Source: 2010 and 2020 Census of Population and Housing, and 2023 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (https://data.census.gov) and Minnesota State Demographer (https://mn.gov/admin/demography/data-by-place/school-district-data.jsp).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	**Nobles County**	**Nobles County**	**State of Minnesota**
2021	10,872	3.0%	3.7%
2022	10,797	2.1%	2.5%
2023	10,668	2.7%	2.8%
2024	10,502	2.7%	3.0%
2025, March	10,358	3.2%	3.9%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

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

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

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT SCHOOL DISTRICT NO. 2907
BREWSTER, MINNESOTA 56119

FOR THE YEAR ENDING JUNE 30, 2024

Meulebroeck, Taubert & Co., PLLP
Certified Public Accountants
P.O. Box 685
Luverne, Minnesota 56156

Independent School District No. 2907
Brewster, Minnesota

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Brewster, Minnesota

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Independent School District No. 2907
Brewster, Minnesota

BOARD OF EDUCATION AND ADMINISTRATIVE PERSONNEL
JUNE 30, 2024

BOARD OF EDUCATION

Jerry Luinenburg	Chairperson
Pam Wendland	Vice-Chairperson
Nate Rehnelt	Treasurer
Robert Bohn	Clerk
Kyle Wendland	Director
Trevor Wintz	Director

ADMINISTRATIVE PERSONNEL

Ray Hassing	Superintendent/Principal
Kay Schmitz	Administrative Assistant

CONTRACTED SERVICES

SW/WC Service Cooperative	Payroll/Financial Services

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MEULEBROECK, TAUBERT & CO., PLLP
CERTIFIED PUBLIC ACCOUNTANTS

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Marshall, Minnesota 56258
507 337-0501
Tyler, Minnesota 56178
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PARTNERS
Matthew A. Taubert, CPA
David W. Friedrichsen, CPA
Daryl J. Kanthak, CPA
Amy L. Mollberg, CPA
Blake R. Klinsing, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Independent School District No, 2907
Brewster, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Independent School District No. 2907, Brewster Minnesota as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Independent School District No. 2907, Brewster Minnesota, as of June 30, 2024, and the respective changes in financial position and budgetary comparison for the General Fund and the major Special Revenue Funds (Food Service Fund and Community Service Fund), Capital Projects Fund, and Debt Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Changes in Accounting Principle

As described in Note 1 to the financial statements, the District adopted new accounting guidance *GASB Statement No. 96 – Subscription-Based Technology Arrangements*. Our opinion was not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 6-11, the budgetary comparison information on pages 18-22 and the Schedule of Employer's Proportionate Share of Net Pension Liability, Schedule of Employer's Contributions and Schedule of Changes in District's Net OPEB Liability and Related Ratios and the Notes to Required Supplementary Information Other Than MD&A on pages 66-75 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund financial statements and the UFARS Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Meulebroeck, Taubert & Co, PLLP

Meulebroeck, Taubert & Co., PLLP
Certified Public Accountants
Luverne, Minnesota

November 8, 2024

Independent School District No. 2907
Brewster, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2024

This section of the Independent School District No. 2907's annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the other components of the District's annual financial report.

The Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 --*Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments.* Certain comparative information between the current year (2024) and the prior year (2023) is required to be presented in MD&A.

Financial Highlights
Key financial highlights for the 2023-2024 fiscal year include the following:

- Governmental Net Position increased by $678,008, or 11.4% over June 30, 2023.
- Governmental Fund Balance decreased by $3,357,359 or 11.9% over June 30, 2023.
- Total governmental expenditures increased by $6,354,332 or 90.9%, in comparison to fiscal year 2023, while total governmental revenues increased by $1,956,145 or 24.6% in comparison to fiscal year 2023.

Overview of the Financial Statements
The financial section of the annual report consists of four parts -- Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include District-wide financial statements and fund financial statements and the notes to the financial statements.

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

The two District-wide statements report the District's net position and how they have changed. Net Position -- the difference between the District's assets and liabilities -- is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You also need to consider other nonfinancial factors, however, such as changes in the District's property tax base, pupil enrollment, and the condition of school facilities.

Fund Financial Statements
The fund financial statements include more detailed information about a District's individual funds.
The District maintains only one type of fund:

Governmental Funds - The District's services are included in this type of fund, which generally focuses 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 provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's activities. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

Financial Analysis of the District As A Whole

As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Independent School District No. 2907, assets exceeded liabilities by $6,649,036 at the close of the most recent fiscal year.

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

Table 1
Statement of Net Position
As of June 30, 2024

	2024	2023
Assets		
Current and other assets	29,078,946	30,044,769
Capital assets, net of depreciation	8,678,929	4,592,227
Right-to-Use assets, net of amortization	99,809	24,189
Total Assets	37,857,684	34,661,185
Deferred Outflows of Resources		
Related to OPEB	1,281	1,769
Related to Pensions	1,230,072	1,586,053
Total Deferred Outflow of Resources	1,231,353	1,587,822
Total Assets and Deferred Outflows of Resources	39,089,037	36,249,007
Liabilities		
Current and other liabilities	2,046,031	719,897
Long-term liabilities	26,186,118	27,520,094
Total Liabilities	28,232,149	28,239,991
Deferred Inflows of Resources		
Unearned Revenue	2,057	2,084
Property Taxes Levied for Subsequent Year	3,588,210	1,104,048
Related to OPEB	14,257	3,841
Related to Pensions	603,328	928,015
Total Deferred Inflows of Resources	4,207,852	2,037,988
Net Position		
Net Investment in Capital Assets	2,247,178	2,102,227
Restricted	1,391,843	2,121,589
Unrestricted	3,010,015	1,747,212
Net Position	6,649,036	5,971,028
Total Liabilities, Deferred Inflows of Resources and Net Position	39,089,037	36,249,007

The District's financial position is the product of numerous factors. Therefore, it is important to view the net position balance as a starting point to evaluate future years' results, rather than to just focus on the current balance.

Table 2 presents a condensed version of the change in net position of the District.

Table 2
Change in Net Position
For the year ended June 30, 2024

	2024	2023
Revenues		
Program Revenues:		
Charges for Services	22,476	81,881
Operating Grants and Contributions	2,477,300	1,089,678
General Revenues:		
Property Taxes	1,071,409	1,117,936
Unrestricted Federal and State Aid	4,900,339	5,241,774
Earnings on Investment	1,404,745	374,261
Other	110,146	173,093
Total revenues	9,986,415	8,078,623
Expenses		
District and School Administration	436,720	407,655
District Support Services	133,369	147,749
Regular Instruction	3,521,449	3,141,371
Exceptional Instruction	601,053	446,105
Instructional Support Services	264,139	300,069
Pupil Support Services	1,099,801	661,225
Site, Buildings, and Equipment	1,853,316	751,990
Fiscal and Other Fixed Cost Programs	819,138	282,647
Food Service	502,009	431,401
Community Service	77,413	91,601
Total expenses	9,308,407	6,661,813
Change in net position	678,008	1,416,810

The District's total revenue consisted of program revenues of $2,499,776, property taxes of $1,071,409, federal and state aids of $4,900,339, investment earnings of $1,404,745, and other miscellaneous revenues of $110,146.

The cost of all governmental activities this year was $9,308,407.

- The users of the district programs paid for 11.5%, or $1,071,409 of the costs.
- The federal and state government subsidized certain programs with grants and contributions. This totaled $2,477,300, or 26.6%, of the total costs.
- The state and federal government subsidized certain programs with aid not restricted for specific purposes. This totaled $4,900,339 or 52.6% of total costs.

Figure A and Figure B show further analysis of these revenue sources and expenditure functions.

Figure A - Sources of Revenues for Fiscal Year 2024

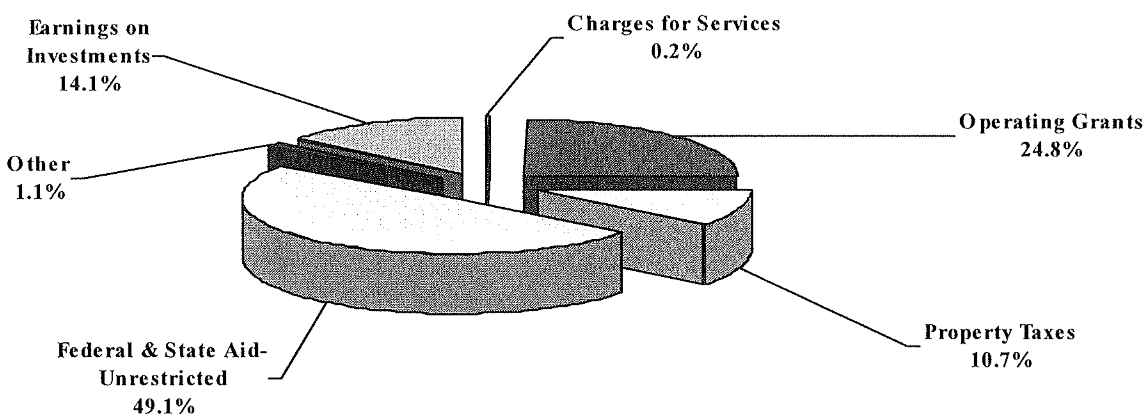
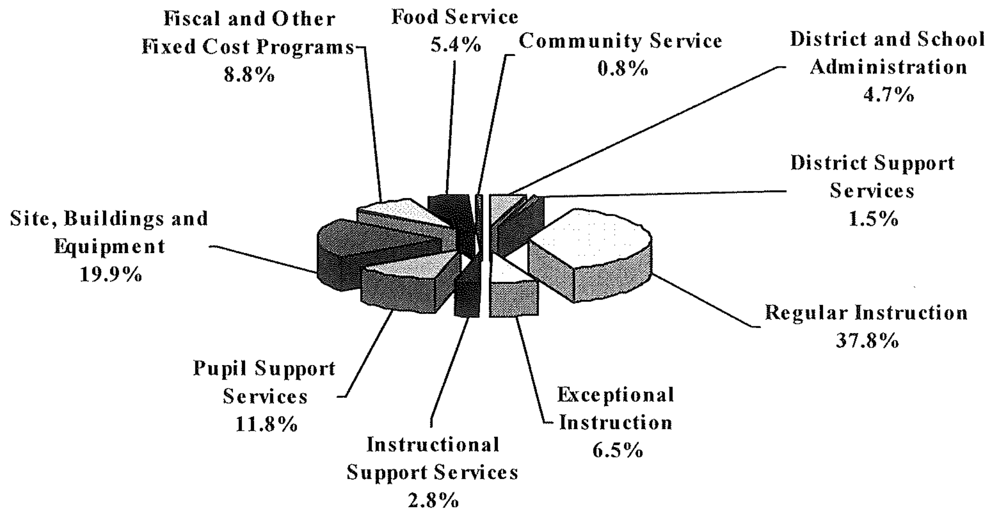


Figure B - Expenses for Fiscal Year 2024



Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. As the district completed the fiscal year, the governmental funds reported a combined fund balance of $24,623,728, which is an decrease from the prior year balance of $27,981,087.

Revenues and Expenditures

Revenues of the District's governmental funds totaled $9,918,003 while expenditures totaled $13,344,662. A summary of the revenues and expenditures reported on the governmental financial statements is as follows:

	Revenue	Expenditures	Other Financing Sources (Uses)	Fund Balance Increase (Decrease)
General Fund	7,975,805	6,237,834	69,300	1,807,271
Food Service Fund	545,363	502,009	-0-	43,354
Community Service Fund	115,048	76,900	-0-	38,148
Capital Projects Fund	1,003,415	5,597,048	-0-	(4,593,633)
Debt Service Fund	278,372	930,871	-0-	(652,499)
Total	9,918,003	13,344,662	69,300	(3,357,359)

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to as the original budget. During the year, the District might amend that budget for known changes in circumstances such as legislative funding. There were revisions to the budget for the current fiscal year.

- Actual revenues were over budget by $774,032.
- Actual expenditures were under budget by $904,124.

Capital Assets
Table 3 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal year ending June 30, 2024.

Table 3
Capital Assets

	2024	2023	Increase (Decrease)
Land	897	897	-0-
Construction in Progress	4,096,751		4,096,751
Land Improvements	446,778	229,518	217,260
Buildings and Improvements	6,260,878	6,368,552	(107,674)
Equipment	641,686	650,060	(8,374)
Pupil Transportation Vehicles	83,817	83,817	-0-
Less: Accumulated Depreciation	(2,851,878)	(2,740,617)	(111,261)
Total	8,678,929	4,592,227	4,086,702
Depreciation Expense	223,920	214,871	9,049

Long-Term Liabilities
In fiscal year 2014 the District issued General Obligation Capital Facility Bonds of $240,000 in order to provide funds for major capital improvement on the facility. The District made principal payments of $25,000 in 2024. During fiscal year 2018 the District issued additional General Obligation Capital Facility Bonds of $1,000,000 in order to provide funds for major capital improvements to the facility. The District made principal payments of $60,000 in 2024. During Fiscal year 2019 the District issued General Obligation Bonds of $1,885,000. The District made principal payments of $70,000 in 2024. During Fiscal year 2023 the District issued General Obligation Bonds of $20,500,000. The District made no principal payments in 2024. Severance Liability for the District increased by $231,585 from fiscal year 2023. More detailed information about the district's long-term liabilities is presented in Note 10.

Factors Bearing on the District's Future
With the exception of voter-approved excess operating referendum, the District is dependent on the State of Minnesota for the vast majority of its funding. Recent experience shows that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

Contacting the District's Management
This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Independent School District No. 2907, 915 4th Ave., PO Box 309, Brewster, Minnesota 56119.

STATEMENT OF NET POSITION
JUNE 30, 2024

	2024	2023
Assets and Deferred Outflows of Resources		
Assets		
Cash and Investments	25,474,328	28,179,962
Receivables:		
Property Taxes	2,532,543	618,684
Governmental Units	678,256	794,236
Contracts Receivable	352,063	396,934
Inventory	1,600	2,218
Prepaid Items	40,156	52,735
Capital Assets:		
Non-Depreciable	897	897
Depreciable-Net of Accumulated Depreciation	8,678,032	4,591,330
Right-to-Use Asset-Net of Accumulated Amortization	99,809	24,189
Total Assets	37,857,684	34,661,185
Deferred Outflows of Resources		
Related to OPEB	1,281	1,769
Related to Pensions	1,230,072	1,586,053
Total Deferred Outflows of Resources	1,231,353	1,587,822
Total Assets and Deferred Outflows of Resources	39,089,037	36,249,007
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Salaries Payable	36,143	46,463
Accounts Payable	49,733	106,605
Payroll Deductions	49,642	42,871
Due to Other Governmental Units	365,382	351,801
Long Term Liabilities:		
Portion Due Within One Year	1,545,131	172,157
Portion Due in More Than One Year	21,538,611	22,835,000
Bond Premium-Net of Amortization	1,312,204	1,374,689
OPEB Liability	45,087	47,455
Pension Liability	3,189,766	3,237,867
Lease Liability	100,450	25,083
Total Liabilities	28,232,149	28,239,991
Deferred Inflows of Resources		
Unearned Revenue	2,057	2,084
Property Taxes Levied for Subsequent Year	3,588,210	1,104,048
Related to OPEB	14,257	3,841
Related to Pensions	603,328	928,015
Total Deferred Inflows of Resources	4,207,852	2,037,988
Net Position		
Net Investment in Capital Assets	2,247,178	2,102,227
Restricted for:		
General Fund State Mandated Purposes	776,253	438,120
Food Service	277,798	234,444
Community Service	93,679	55,531
Capital Projects	156,560	653,442
Debt Service	87,553	740,052
Unrestricted	3,010,015	1,747,212
Total Net Position	6,649,036	5,971,028
Total Liabilities, Deferred Inflows of Resources and Net Position	39,089,037	36,249,007

See accompanying notes to the financial statements.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues			Net (Expense) Revenue and Change in Net Position	
					Total Governmental Activities	
Functions	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	2024	2023
Governmental Activities						
District and School Administration	436,720				(436,720)	(407,655)
District Support Services	133,369				(133,369)	(147,749)
Regular Instruction	3,521,449		1,377,883		(2,143,566)	(2,625,341)
Exceptional Instruction	601,053		353,223		(247,830)	(446,105)
Instructional Support Services	264,139				(264,139)	(300,069)
Pupil Support Services	1,099,801				(1,099,801)	(661,225)
Site, Buildings and Equipment	1,853,316				(1,853,316)	(751,990)
Fiscal and Other Fixed Cost Programs	819,138		151,811		(667,327)	(150,774)
Food Service	502,009	7,504	526,773		32,268	8,766
Community Service	77,413	14,972	67,610		5,169	(8,112)
Total	9,308,407	22,476	2,477,300	-0-	(6,808,631)	(5,490,254)

	2024	2023
General Revenues		
Property Taxes Levied for:		
General Purposes	942,682	970,471
Community Service	28,922	26,125
Debt Service	99,805	121,340
Federal and State Aid Not Restricted to Specific Purposes	4,900,339	5,241,774
Earnings on Investments	1,404,745	374,261
Miscellaneous	110,146	173,093
Total General Revenues	7,486,639	6,907,064
Change in Net Position	678,008	1,416,810
Net Position - Beginning	5,971,028	4,554,218
Net Position - Ending	6,649,036	5,971,028

See accompanying notes to the financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds					Total Governmental Funds	
Assets	**General**	**Food Service**	**Community Service**	**Capital Projects**	**Debt Service**	**2024**	**2023**
Cash and Investments	7,818,331	297,172	107,356	16,559,809	691,660	25,474,328	28,179,962
Accounts Receivable	958	64				1,022	9,778
Current Property Taxes Receivable	472,204		13,920		2,034,431	2,520,555	605,808
Delinquent Property Taxes Receivable	10,671		607		710	11,988	12,876
Due From Other Governmental Units	8,144					8,144	1,751
Due from the Federal Government through the Department of Education	35,116					35,116	126,579
Due From Other Minnesota Districts	63,334					63,334	31,653
Due From Department of Education	552,446		3,013		15,181	570,640	624,475
Inventory		1,600				1,600	2,218
Prepaid Expenditures	40,156					40,156	52,735
Total Assets	9,001,360	298,836	124,896	16,559,809	2,741,982	28,726,883	29,647,835
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Salaries Payable	32,882	2,860	401			36,143	46,463
Accounts Payable	33,219	16,121	393			49,733	106,605
Payroll Deductions	49,642					49,642	42,871
Due to Other Governmental Units	40,936					40,936	695
Due to Other Minnesota School Districts	324,446					324,446	351,106
Total Liabilities	481,125	18,981	794	-0-	-0-	500,900	547,740
Deferred Inflows of Resources							
Unavailable Revenue - Other		2,057				2,057	2,084
Unavailable Revenue - Delinquent Taxes	10,671		607		710	11,988	12,876
Property Taxes Levied for Subsequent Years	904,675		29,816		2,653,719	3,588,210	1,104,048
Total Deferred Inflows of Resources	915,346	2,057	30,423	-0-	2,654,429	3,602,255	1,119,008
Fund Balances							
Fund Balance-Committed	248,742					248,742	17,157
Fund Balance-Non Spendable	40,156	1,600		366,022		407,778	54,953
Fund Balance-Restricted	776,253	276,198	93,679	16,193,787	87,553	17,427,470	22,619,371
Fund Balance-Unassigned	6,539,738					6,539,738	5,289,606
Total Fund Balances	7,604,889	277,798	93,679	16,559,809	87,553	24,623,728	27,981,087
Total Liabilities, Deferred Inflows of Resources and Fund Balances	9,001,360	298,836	124,896	16,559,809	2,741,982	28,726,883	29,647,835

See accompanying notes to the financial statements.

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2024

	2024		2023	
Total Governmental Fund Balances		24,623,728		27,981,087
Amounts reported in Governmental Activities in The Statement of Net Position are Different Because:				
Capital and Right-to-Use Assets in the governmental activities are not financial resources and therefore are not reported in the funds				
Cost of Capital Assets	11,530,807		7,332,844	
Less: Accumulated Depreciation	(2,851,878)	8,678,929	(2,740,617)	4,592,227
Right-to-Use Assets	106,576		48,379	
Less: Accumulated Amortization	(6,767)	99,809	(24,190)	24,189
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue.		11,988		12,876
Other long-term assets are not available to pay for current-period expenditures and therefore, are unavailable in the governmental funds.		352,063		396,934
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.				
Deferred Outflow of Resources-OPEB	1,281		1,769	
Deferred Outflow of Resources - Related to Pensions	1,230,072		1,586,053	
Deferred Inflow of Resources-OPEB	(14,257)		(3,841)	
Deferred Inflow of Resources - Related to Pensions	(603,328)	613,768	(928,015)	655,966
Long-term liabilities that pertain to governmental funds 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 assets. Balances at year-end are:				
Long-Term Lease Liability	(100,450)		(25,083)	
OPEB Obligations	(45,087)		(47,455)	
Severance Payable	(248,742)		(17,157)	
Bond Payable	(22,835,000)		(22,990,000)	
Bond Premium	(1,312,204)		(1,374,689)	
Pension Benefits Payable	(3,189,766)	(27,731,249)	(3,237,867)	(27,692,251)
Net Position of Governmental Activities		6,649,036		5,971,028

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Major Funds					Total Governmental Funds	
		Food	Community	Capital	Debt		
Revenues	General	Service	Service	Projects	Service	2024	2023
Local Property Tax Levies	943,311		28,900		100,086	1,072,297	1,117,263
Other Local and County Revenues	401,049	11,086	18,538	1,003,415	26,475	1,460,563	426,637
Revenue from State Sources	6,425,534	134,001	67,610		151,811	6,778,956	5,472,246
Revenue from Federal Sources	205,911	392,772				598,683	859,206
Sales and Other Conversion of Assets		7,504				7,504	86,506
Total Revenues	7,975,805	545,363	115,048	1,003,415	278,372	9,918,003	7,961,858
Expenditures							
District and School Administration	436,278					436,278	407,213
District Support Services	133,369					133,369	147,749
Regular Instruction	3,297,271					3,297,271	3,065,519
Exceptional Instruction	600,491					600,491	445,543
Community Education and Services			76,900			76,900	91,088
Instructional Support Services	256,676					256,676	317,916
Pupil Support Services	1,041,332	502,009				1,543,341	1,534,419
Site, Buildings and Equipment	429,150			5,597,048		6,026,198	698,196
Fiscal and Other Fixed Cost Programs	43,267				930,871	974,138	282,647
Total Expenditures	6,237,834	502,009	76,900	5,597,048	930,871	13,344,662	6,990,290
Excess Revenues (Expenditures)	1,737,971	43,354	38,148	(4,593,633)	(652,499)	(3,426,659)	971,568
Other Financing Sources (Uses)							
Bond Proceeds							21,937,174
Insurance Proceeds	2,818					2,818	58,139
Sale of Property and Equipment	66,482					66,482	57,953
Total Other Financing Sources (Uses)	69,300	-0-	-0-	-0-	-0-	69,300	22,053,266
Net Change in Fund Balance	1,807,271	43,354	38,148	(4,593,633)	(652,499)	(3,357,359)	23,024,834
Fund Balance-Beginning	5,797,618	234,444	55,531	21,153,442	740,052	27,981,087	4,956,253
Fund Balance-Ending	7,604,889	277,798	93,679	16,559,809	87,553	24,623,728	27,981,087

See accompanying notes to the financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	2024		2023	
Net Change in Governmental Fund Balances		(3,357,359)		23,024,834
Amounts reported for the governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures, however, in the statement of activities, assets with an initial, individual cost of more than $5,000.00 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The same reporting is used for the right-to-use assets under lease transactions. The net effect of these differences is as follows:				
Capital Outlay	4,470,272		165,125	
Disposal of Assets	(159,650)		(6,477)	
Depreciation Expense	(223,920)	4,086,702	(214,871)	(56,223)
Right-to-Use Asset Capial Outlay	106,576			
Right-to-Use Asset Disposal	(16,126)			
Right-to-Use Asset Amortization Expense	(14,830)	75,620		(12,095)
Contract Receivable payments will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds		(44,871)		396,934
Governmental funds report long-term debt proceeds as financing sources while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. The same reporting is used for long-term lease transactions and payments. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activites, however, interest expense is recognized as it accrues. The net effect of these differences is as follows:				
Long-Term Lease Transaction	(75,367)		11,863	
Net Severance Payments	(231,585)		1,446	
Bond Premium Received			(1,437,174)	
Bond Proceeds			(20,500,000)	
Bond Premium Amortization	62,485		62,485	
Payment of Bond Principal	155,000	(89,467)	155,000	(21,706,380)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.				
Pension Expense		16,807		(222,023)
Other Post Employment Benefits		(8,536)		(8,910)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and therefore are unavailable in the funds.		(888)		673
Change in Net Position of Governmental Activities		678,008		1,416,810

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues				
Local Property Tax Levies	937,191	937,617	943,311	5,694
Other Local and County Revenues	308,283	239,811	401,049	161,238
Revenue from State Sources	5,725,554	5,836,099	6,425,534	589,435
Revenue from Federal Sources	151,572	188,246	205,911	17,665
Total Revenues	7,122,600	7,201,773	7,975,805	774,032
Expenditures				
District and School Administration	442,426	481,948	436,278	45,670
District Support Services	151,205	217,390	133,369	84,021
Regular Instruction	3,530,075	3,692,627	3,297,271	395,356
Exceptional Instruction	507,498	572,009	600,491	(28,482)
Instructional Support Services	417,718	332,336	256,676	75,660
Pupil Support Services	1,342,861	1,284,464	1,041,332	243,132
Site, Building and Equipment	544,036	502,812	429,150	73,662
Fiscal and Other Fixed Cost Programs	57,000	58,372	43,267	15,105
Total Expenditures	6,992,819	7,141,958	6,237,834	904,124
Excess Revenues (Expenditures)	129,781	59,815	1,737,971	1,678,156
Other Financing Sources (Uses)				
Insurance Proceeds		1,178	2,818	1,640
Sale of Property		65,882	66,482	600
Total Other Financing Sources (Uses)	-0-	67,060	69,300	2,240
Net Change in Fund Balance	129,781	126,875	1,807,271	1,680,396
Fund Balance-Beginning			5,797,618	
Fund Balance-Ending			7,604,889	

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues				
Other Local and County Revenues	200	7,000	11,086	4,086
Revenue from State Sources	101,400	133,893	134,001	108
Revenue from Federal Sources	346,000	386,725	392,772	6,047
Sales and Other Conversion of Assets	4,200	7,280	7,504	224
Total Revenues	451,800	534,898	545,363	10,465
Expenditures				
Pupil Support Services	511,862	569,904	502,009	67,895
Total Expenditures	511,862	569,904	502,009	67,895
Net Change in Fund Balance	(60,062)	(35,006)	43,354	78,360
Fund Balance-Beginning			234,444	
Fund Balance-Ending			277,798	

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR COMMUNITY SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues				
Local Property Tax Levies	28,914	28,905	28,900	(5)
Other Local and County Revenues	14,000	13,200	18,538	5,338
Revenue from State Sources	67,456	67,650	67,610	(40)
Total Revenues	110,370	109,755	115,048	5,293
Expenditures				
Community Education and Services	96,570	90,561	76,900	13,661
Total Expenditures	96,570	90,561	76,900	13,661
Net Change in Fund Balance	13,800	19,194	38,148	18,954
Fund Balance-Beginning			55,531	
Fund Balance-Ending			93,679	

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues				
Interest Income	1,886,000	900,000	1,003,415	103,415
Total Revenues	1,886,000	900,000	1,003,415	103,415
Expenditures				
Building Construction Expenses	9,502,607	6,656,490	5,597,048	1,059,442
Total Expenditures	9,502,607	6,656,490	5,597,048	1,059,442
Excess Revenues (Expenditures)	(7,616,607)	(5,756,490)	(4,593,633)	1,162,857
Other Financing Sources (Uses)				
Bond Proceeds	20,500,000			
Total Other Financing Sources (Uses)	20,500,000	-0-	-0-	-0-
Net Change in Fund Balance	12,883,393	(5,756,490)	(4,593,633)	1,162,857
Fund Balance-Beginning			21,153,442	
Fund Balance-Ending			16,559,809	

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues				
Local Property Tax Levies	110,924	99,734	100,086	352
Other Local and County Revenues	686,678	29,000	26,475	(2,525)
Revenues from State Sources	131,850	151,811	151,811	-0-
Total Revenues	929,452	280,545	278,372	(2,173)
Expenditures				
Fiscal and Other Cost Programs	930,686	930,871	930,871	-0-
Total Expenditures	930,686	930,871	930,871	-0-
Net Change in Fund Balance	(1,234)	(650,326)	(652,499)	(2,173)
Fund Balance-Beginning			740,052	
Fund Balance-Ending			87,553	

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of Independent School District No. 2907 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. Changes in Accounting Principles

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements* establish requirements for subscription-based information technology arrangements (SBITAs). Under this standard, the District would recognize a right-to-use subscription asset and corresponding subscription liability. This statement is effective for the year ending June 30, 2023.

C. Financial Reporting Entity

Independent School District 2907, Brewster, was formed and operates pursuant to applicable Minnesota laws and statutes. The Round Lake-Brewster District currently operates under an elected six member Board of Education form of government. The Board has control over all activities related to the public school education in the Round Lake-Brewster District.

As required by generally accepted accounting principles, these financial statements present the District and its component units, entities for which the government 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 is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

C. Financial Reporting Entity-continued

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board has a fiduciary responsibility in establishing policies and ensuring that appropriate financial records are maintained for student activities. The District's School Board has elected to control and exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are included in the financial statements under the General Fund activity.

D. Basic Financial Statement Presentation

The District-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the Fiduciary Funds. The Fiduciary Funds are only reported in the Statements of Fiduciary Net Position at the fund financial statement level.

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

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material inter fund activity has been removed from the District-wide financial statements.

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: expendable 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

Note 1 Summary of Significant Accounting Policies - continued

D. Basis of Financial Statement Presentation-continued

funds are excluded from the District-wide statements. No activities of the District were determined to be fiduciary funds, so no fiduciary funds are present in the financial statements.

Proprietary funds are used to report business-type activities carried on by a school district. No activities of the District were determined to be of this nature, so no proprietary funds are present in the financial statements.

E. Basis of Accounting and Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes are considered to be available if collected within 60 days of fiscal year-end. Federal revenue is recorded in the year which the related expenditure is made. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measureable until then. Investment earnings are recorded when earned because they are measureable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

E. Basis of Accounting and Measurement Focus - continued

All major revenues are susceptible to accrual. Property tax revenues for all funds, which are payable by property owners on a calendar-year basis, are recognized as revenues in the fiscal years for which they apply according to Minnesota Statutes. Federal revenues are recorded in the year in which the related expenditure is made. If the amounts of Minnesota or federal revenues cannot be reasonably estimated or realization is not assured, they are not recorded as revenue in the current year.

The District reports unavailable revenue on its balance sheet. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurring qualified expenditures. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unavailable revenue is removed and revenue is recognized.

Description 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. A description of the funds included in this report is as follows:

Governmental Funds

General Fund

The General Fund includes all financial transactions relating to the administration, instruction, maintenance, transportation, and capital expenditures of the District which are not accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of federal and state revenue sources that are legally restricted for expenditures for specified purposes. These funds include the Food Service and Community Service funds.

Capital Projects Fund

The Capital Projects Fund is used to record all operations of a District's building construction program that are funded by the proceeds of bonds or proceeds of a note.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

E. Basis of Accounting and Measurement Focus - continued

Debt Service Fund

Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

F. Budgets and Budgetary Accounting

The budgeted amounts included in the statement of revenues and expenditures were accounted for and presented on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with generally accepted accounting principles. The budgets are prepared by the school personnel and approved by the school board. Encumbrances are not considered in the budget process nor in the regular district accounting.

Once a budget is approved, it can be amended by school personnel with approval by the school board. Amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual amendments were not material in relation to the original appropriations. All budget appropriations lapse at year-end.

G. Cash and Temporary Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

The school District uses the average cash balance method of allocating investment income to the various funds.

H. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

I. Inventories

Inventories consist of expendable supplies held for consumption and are stated at moving, weighted average cost. Inventory of the General Fund is recorded as expenditure when items are issued from central stores. Accordingly, inventory items on hand at the school are not included in inventory. Inventory of the Food Service Fund is recorded as expenditure when items are used. United States Department of Agriculture (USDA) commodities received are recorded at cost determined using the USDA standard price list and are included in the Food Service Fund inventory when received. Revenue is recognized and the expenditure is recorded when commodities are used.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as expenditure at the time of consumption.

K. Property Tax Recognition

The levy certification is made in December of each year. The tax levy is collectible as of January 2nd of the following year and the taxes are due to the county treasurer in May and October of each year. The taxes levied during the fall of the year are recognized in the subsequent fiscal year for the school district.

Current taxes receivable includes the amount of Homestead Market Value Credit Aid and Disparity Reduction Aid to be received after July 1, 2023, and will be recognized as revenue during the fiscal year ending June 30, 2024. The delinquent taxes receivable are reserved as 100% uncollectible except for the amount received during the first sixty days of the subsequent fiscal year.

L. 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 at their estimated fair market value at the date of donation. The district defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the district-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount or scrapped when declared as no longer fit

Note 1 Summary of Significant Accounting Policies – continued

L. Capital Assets-continued

or needed for public school purposes by the district, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings and improvements, and 5 to 20 years for equipment and vehicles. Land is not depreciated.

The district does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The District has two types, related to pensions and related to OPEB obligations, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resource, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflows of resources (revenue) until this time.

The district has four types, unearned revenue, property taxes levied for subsequent years, related to pensions, and related to OPEB obligation which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unearned revenue and property taxes levied for subsequent years are reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 1 Summary of Significant Accounting Policies - continued

N. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are unearned and amortized over the life of the bonds using the straight-line method. Bond issuance costs, if material, are also reported as unearned charges and amortized over the term of the related debt.

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

O. Fund Balance

In the fund financial statements, governmental funds report fund balances as non-spendable, restricted, committed, assigned or unassigned. (see Note 12).

P. Net Position

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

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

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. Postemployment Benefits Other Than Pensions (OPEB)

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

T. Leases

The District records right-to-use assets and corresponding lease liabilities for agreements that convey the right to control the use of an asset for a period of time greater than twelve months in exchange for consideration. The District defines control of the right of the asset as the right to obtain substantially all of the economic benefits from the use of the identified asset as well as the right to direct the use of the identified asset. Right-to-Use assets represent the District's right to use leased assets over the term of the lease. Lease liabilities represent the District's contractual obligation to make lease payments and are measured at the present value of the future lease payments over the lease term. Right-to-use assets and lease liabilities are recognized at the lease commencement date. The District uses the rate implicit in the lease if it is determinable and if not determinable, the District uses the incremental borrowing rate at the lease commencement date to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease amortization expense is recognized on a straight-line basis over the lease term. To the extent a lease arrangement includes both lease and non-lease

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 Summary of Significant Accounting Policies - continued

T. Leases-continued

components, the components are accounted for separately. See Note 11 for more information.

U. Certain Comparative Data and Reclassifications

Certain comparative total data for the prior year have been presented in the District-wide and fund financial statements in order to provide an understanding of the change in financial position and operations. Such comparative total data does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

V. Subsequent Events

Subsequent events have been evaluated through November 8, 2024 which is the date the financial statements were available to be issued. There are no issues noted.

Note 2 Deposits and Investments

A. Deposits

Minnesota Stat. 118A.02 and 118A.04 authorize the District to designate a depository for public funds and to invest in certificates of deposit. Minnesota Stat. 118A.03 requires that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, 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 standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District does not

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 Deposits and Investments-continued

A. Deposits-continued

have a deposit policy for custodial credit risk. As of June 30, 2024, there were no deposits exposed to custodial credit risk.

B. Investments

Minnesota Stat. 118A.04 and 118A.05 generally authorize the following types of investments as available to the District:

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minnesota Stat. 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(4) bankers’ acceptances of United States banks;

(5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

(6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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 counter party to an investment transaction, a district will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 2 Deposits and Investments - continued

B. Investments - continued

Credit Risk
The risk that an issuer or other counter party to an investment will not fulfill its obligations to the holder of the investment.

Concentration of Credit Risk
The risk of loss that may be caused by the District's investment in a single issuer.

Interest Rate Risk
The risk that changes in the market interest rates will adversely affect the fair value of an investment.

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

	Credit Risk		Concentration Risk	Interest Rate Risk	
	Credit Rating	Rating Agency	Over 5% of Portfolio	Maturity Date	Carrying Value
Investment Pools					
Minnesota School District Liquid Asset Fund Plus Liquid Class	AAAm	S & P	N/A	N/A	425,974
Minnesota School District Liquid Asset Fund Plus MAX Class	AAAm	S & P	N/A	N/A	8,419,032
Total Investment Pool					8,845,006
Bond Proceeds Held					
US Treasury Bills	AA+	S & P	N/A	N/A	15,868,424
Certificates of Deposit	Aaa	Moody	N/A	N/A	744,239
Deposits					583
Total Bond Proceeds Held					16,613,246
Investments					25,458,252

The Minnesota School District Liquid Asset fund is regulated by Minnesota Statutes and is an external investment pool not registered with the SEC that follows the same regulatory rules of the SEC under rule 207. It is measured at net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 3 Due From Other Governmental Units

Amounts due from other governmental units as of June 30, 2024 and 2023 are as follows:

	June 30	
	2024	**2023**
General Fund		
Jackson County-Property Tax Payment	5,293	1,114
Nobles County-Property Tax Payment	2,851	637
Total General Fund	8,144	1,751
Total All Funds	8,144	1,751

Note 4 Due From Other Minnesota School Districts

The amounts due from other Minnesota School Districts as of June 30, 2024 and 2023 are as follows:

	June 30	
	2024	**2023**
General Fund		
Independent School District No. 518 Worthington – Reimbursable Expenses	63,334	12,296
Independent School District No. 991 SW/WC Service Coop – Reimbursable Expenses		19,357
Total General Fund	63,334	31,653
Total All Funds	63,334	31,653

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 5 **Due From Department of Education**

Amounts due from the Department of Education for aids and reimbursements receivable as of June 30, 2024 and 2023 are as follows:

	June 30	
	2024	**2023**
General Fund		
General Education Aid	489,471	602,103
Homestead/Agricultural Credit	354	397
Other State Credits	30,091	15,728
Special Education	32,530	(10,735)
Total General Fund	552,446	607,493
Community Service Fund		
Other State Credits	3,013	3,797
Total Community Service	3,013	3,797
Debt Service Fund		
Other State Credits	15,181	13,185
Total Debt Service	15,181	13,185
Total All Funds	570,640	624,475

Note 6 **Due From Federal Government Through the Department of Education**

Amounts due from Federal Government through the Department of Education as of June 30, 2024 and 2023 are as follows:

	June 30	
	2024	**2023**
General Fund		
Federal Program- ESSER	116	101,579
Special Education	35,000	25,000
Total General Fund	35,116	126,579

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 7 Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance 7/01/23	Additions	Retirements	Balance 6/30/24
Capital assets not depreciated				
Land	897			897
Capital assets depreciated				
Construction in Progress		4,096,751		4,096,751
Land Improvements	229,518	313,480	(96,220)	446,778
Buildings	6,368,552	51,363	(159,037)	6,260,878
Equipment	650,060	8,678	(17,052)	641,686
Eligible Pupil Trans. Vehicles	83,817			83,817
Total capital assets depreciated	7,331,947	4,470,272	(272,309)	11,529,910
Less accumulated depreciation for				
Land Improvements	(121,176)	(16,022)	38,354	(98,844)
Buildings	(2,088,223)	(178,329)	57,254	(2,209,298)
Equipment	(480,744)	(25,123)	17,051	(488,816)
Eligible Pupil Trans. Vehicles	(50,474)	(4,446)		(54,920)
Total accum. depreciation	(2,740,617)	(223,920)	112,659	(2,851,878)
Total capital assets depreciated-net	4,591,330	4,246,352	(159,650)	8,678,032
Net Capital Assets	4,592,227	4,246,352	(159,650)	8,678,929

Depreciation expense of $223,920 for the year ended June 30, 2024 was charged to the following governmental functions:

District and School Administration	442
Regular Instruction	1,117
Special Education Instruction	562
Community Education	513
Instruction Support Services	7,463
Pupil Support Services	9,906
Sites, Buildings, and Equipment	203,917
Total	223,920

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8 Due To Other Governmental Units

The amounts due to other governmental units as of June 30, 2024 and 2023 are as follows.

	June 30	
	2024	**2023**
General Fund		
Minnesota Department of Education	40,000	
Minnesota Department of Revenue	936	695
Total General Fund	40,936	695
Total All Funds	40,936	695

Note 9 Due To Other Minnesota School Districts

The amounts due to other Minnesota School Districts as of June 30, 2024 and 2023 are as follows.

	June 30	
	2024	**2023**
General Fund		
Independent School District No. 991		
SW/WC Service Coop-Reimbursements	96,239	96,276
Independent School District No. 505		
Fulda-Reimbursements	42,539	40,989
Independent School District No. 330		
Heron Lake Okabena-Reimbursements	150,850	179,329
Independent School District No. 518		
Worthington-Reimbursements	34,818	34,512
Total General Fund	324,446	351,106
Total All Funds	324,446	351,106

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10 Long-Term Debt

A. General Obligation Capital Facility Bonds, Series 2014A

The District issued General Obligation Capital Facility Bonds, Series 2014A of $240,000, to provide funds for the improvement of a major capital facility. General obligation bonds are direct obligations and pledge the full faith and credit of the District, and are paid from the debt service fund. The bonds are due at annual installments of $20,000 to $25,000, with interest rates of 2.0% to 3.2%, from February 1, 2015 to February 1, 2024.

The District made the final payment of $25,000 on this bond during the current year. There is no outstanding balance as of June 30, 2024.

B. General Obligation Capital Facility Bonds, Series 2018A

The District issued General Obligation Capital Facility Bonds, Series 2018 of $1,000,000, to provide funds for the improvement of a major capital facility. General obligation bonds are direct obligations and pledge the full faith and credit of the District, and are paid from the debt service fund. The bonds are due at annual installments of $55,000 to $85,000, with interest rates of 3.0% to 5.0%, from February 1, 2019 to February 1, 2034.

The annual requirements to amortize the bonds outstanding as of June 30, 2024, including interest payments, are listed below.

Year Ended June 30	Principal	Interest	Total
2025	60,000	23,188	83,188
2026	65,000	21,388	86,388
2027	65,000	19,438	84,438
2028	70,000	17,488	87,488
2029	70,000	15,388	85,388
2030-2034	385,000	41,100	426,100
Total	715,000	137,990	852,990

C. General Obligation Capital Facility Bonds, Series 2020A

The District issued General Obligation Capital Facility Bonds, Series 2019 of $1,885,000, to provide funds for the improvement of a major capital facility. General obligation bonds are direct obligations and pledge the full faith and credit of the District, and are paid from the debt service fund. The bonds are due at annual installments of $60,000 to $125,000, with interest rates of 3.0% to 5.0%, from February 1, 2020 to February 1, 2040.

The annual requirements to amortize the bonds outstanding as of June 30, 2024, including interest payments, are listed below.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10 Long-Term Debt-continued

C. General Obligation Capital Facility Bonds, Series 2020A-continued

Year Ended June 30	Principal	Interest	Total
2025	75,000	55,100	130,100
2026	80,000	51,350	131,350
2027	85,000	47,350	132,350
2028	85,000	43,100	128,100
2029	90,000	38,850	128,850
2030-2034	500,000	151,650	651,650
2035-2039	580,000	72,150	652,150
2040	125,000	3,750	128,750
Total	1,620,000	463,300	2,083,300

D. General Obligation School Building Bonds, Series 2023A

The District issued General Obligation School Building Bonds, Series 2023A of $20,500,000, to provide funds for the betterment of school site and facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District, and are paid from the debt service fund. The bonds are due at annual installments of $540,000 to $1,395,000, with interest rates of 4.0% to 5.0%, from February 1, 2024 to February 1, 2046.

The annual requirements to amortize the bonds outstanding as of June 30, 2024, including interest payments, are listed below.

Year Ended June 30	Principal	Interest	Total
2025	1,395,000	950,550	2,345,550
2026	540,000	880,800	1,420,800
2027	565,000	853,800	1,418,800
2028	595,000	825,550	1,420,550
2029	625,000	795,800	1,420,800
2030-2034	3,630,000	3,477,750	7,107,750
2035-2039	4,635,000	2,474,250	7,109,250
2040-2044	5,835,000	1,266,300	7,101,300
2045-2046	2,680,000	161,800	2,841,800
Total	20,500,000	11,686,600	32,186,600

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 10 Long-Term Debt-continued

E. Severance & Separation Payable

Contract employees who have completed 25 years of service with Independent School District 2907 are eligible to receive an early retirement incentive payment. The maximum payment amount is limited to 72 days of pay calculated at the daily rate of pay during the last year of service, excluding pay for additional assignments. Beginning in fiscal year 2001-2002, a 403-B annuity matching plan began replacing the previously calculated severance payment. Any amounts contributed to the new 403-B plan are deducted from the previous severance pay calculated amount. Teachers with hire dates after July of 1999 are not eligible for the previous severance pay, which will ultimately be phased out and replaced solely by the 403-B annuity matching plan. Yearly contributions to the 403-B annuity matching plan are based on year of service with the district, ranging from $300 to $900 each year. The District currently has two employees who qualify for these benefits.

Three contract employees have specific agreements for separation payments of salary and unused vacation and sick time. One contract states that upon separation prior to the end of the contract duration, the balance of the contract salary will be paid out in its entirety. Also, any balance of unused vacation and sick time would also be paid out in its entirety. Two other contract employees have specific agreements that upon separation all sick time will be paid out in its entirety.

The District estimates its severance and separation pay obligations to be $248,742 at June 30, 2024. The General Fund has been used to reduce the liability for severance.

F. Changes in Long Term Debt

The following is a schedule of the changes in Long-Term Debt:

	Balance 7/1/23	Additions	Reductions	Balance 6/30/24	Due Within One Year
General Obligation Bond-2014	25,000	-0-	25,000	-0-	-0-
General Obligation Bond-2018	775,000	-0-	60,000	715,000	60,000
General Obligation Bond-2020	1,690,000	-0-	70,000	1,620,000	75,000
General Obligation Bond-2023	20,500,000	-0-	-0-	20,500,000	1,395,000
Severance Payable	17,157	231,585	-0-	248,742	15,131
Totals	23,007,157	231,585	155,000	23,083,742	1,545,131

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 11 Leases

The District has implemented GASB Statement No. 87, *Leases.* As a result, the District will recognize right-to-use assets and lease liabilities for agreements that convey the right to control the use of an asset for a period of time greater than twelve months in exchange for consideration.

The District had a lease agreement for the use of eight copier/printers. The lease terms were 63 months, beginning March 20, 2020, with monthly payments of $1,086 and an interest rate of 3.7%. In February 2024, this existing lease agreement was replaced with a new lease agreement for the use of ten copier/printers. The lease term is 63 months, beginning March 23, 2024, with monthly payments of $1,877 and an interest rate of 3.98%.

There are no variable lease payments, residual value guarantees, termination penalties, restrictions or escalation clauses factored into the lease measurements. The District has no commitments under leases before the commencement of the lease terms. There is no loss associated with an impairment. There are no lease agreements with related parties.

Right-to-Use asset activity for the year ended June 30, 2024 was as follows:

	Balance 7/01/23	Additions	Retirements	Balance 6/30/24
Right-to-Use Assets				
Office Equipment	48,379	106,576	(48,379)	106,576
Total Right-to-Use Assets	48,379	106,576	(48,379)	106,576
Accumulated Amortization				
Office Equipment	(24,190)	(14,830)	32,253	(6,767)
Total Accum. Amortization	(24,190)	(14,830)	32,253	(6,767)
Net Right-to-Use Assets	24,189	91,746	(16,126)	99,809

Amortization expense of $14,830 for the year ended June 30, 2024 was charged to the following governmental functions:

District and School Administration	14,830
Total	14,830

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 11 Leases-continued

Following is a summary of the lease liability activity for the year ended June 30, 2024 for the District:

	Balance 7/1/23	Additions	Reductions	Balance 6/30/24	Due Within OneYear
Lease-Office Equip, Previous	25,083		25,083	-0-	-0-
Lease-Office Equip, New	-0-	106,576	6,126	100,450	18,872
Totals	25,083	106,576	31,209	100,450	18,872

Following is a schedule of the principal and interest requirements to maturity for the District's corresponding lease liabilities:

Year Ended June 30	Principal	Interest	Total
2025	18,872	3,656	22,528
2026	19,637	2,891	22,528
2027	20,433	2,095	22,528
2028	21,261	1,267	22,528
2029	20,247	404	20,651
Total	100,450	10,313	110,763

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Fund Balances

The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This statement provides more clearly defined fund balance categories to make the natures and extent of the constraints placed on a government's fund balance more transparent. Following are the fund balance categories used by the District:

Non Spendable Fund Balance

Fund balance amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

The District has the following non spendable fund balances as of June 30, 2024:

General Fund	
Non Spendable	40,156
Total General Fund	40,156
Special Revenue	
Food Service Fund	
Non Spendable	1,600
Total Food Service	1,600
Total Special Revenue	1,600
Capital Projects Fund	
Non Spendable	366,022
Total Capital Projects	366,022
Total All Funds	407,778

Restricted Fund Balance

Fund balance amounts that can be spent only for specific purposes imposed by laws or regulations, external resource providers, constitutional provisions or enabling legislation.

Negative restricted fund balance amounts were offset and shown as unassigned fund balance. (See also, Schedule 9)

The District has various restricted fund balances that are based on state requirements to track certain program funding, to provide funding for long-term debt requirements, or for other requirements. The District has the following restricted fund balances as of June 30, 2024.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 **Fund Balances**-continued

Restricted Fund Balance-continued

General Fund	
Student Activities	30,897
Staff Development	47,427
Literacy Incentive Aid	4,791
Operating Capital	228,891
Gifted & Talented	105
Basic Skills	252,293
School Library Aid	21,257
Safe Schools	40,633
LTFM	109,324
Student Support Personal	40,000
Medical Assistance	635
Total General Fund	776,253
Special Revenue	
Food Service Fund	
Restricted	276,198
Total Food Service	276,198
Community Service Fund	
Community Education	21,879
Early Childhood and Family Education	56,423
School Readiness	1,275
Restricted	14,102
Total Community Service Fund	93,679
Total Special Revenue Fund	369,877
Capital Projects Fund	
Restricted	16,193,787
Debt Service Fund	
Restricted	87,553
Total All Funds	17,427,470

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 12 Fund Balances-continued

Committed Fund Balance

Fund balance amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision making authority.

The District's highest level of decision making authority is the district school board. In order to establish, modify or rescind a committed fund balance amount, the school board would need to approve the action at a school board meeting.

The District has the following committed fund balances as of June 30, 2024:

General Fund	248,742
Total All Funds	248,742

Assigned Fund Balance

Fund balance amounts that are intended to be used by the government for a specific purpose, but do not meet the criteria to be classified as restricted or committed.

The District school board has delegated the authority to assign fund balance amounts to the district finance director and superintendent. Assigned amounts or changes to assigned amounts are presented to the school board for review.

The District has no assigned fund balances as of June 30, 2024.

Unassigned Fund Balance

Fund balance amounts that are available for any purpose. These amounts represent the remaining fund balance in the General Fund that has not been classified as non-spendable, restricted, committed or assigned. Also for funds other than the general fund, unassigned fund balance is used to report a deficit fund balance.

The District has the following unassigned fund balances as of June 30, 2024:

General Fund	
Unassigned	6,539,738
Total All Funds	6,539,738

Stabilization Amounts

Amounts formally set aside by the governmental unit for use in emergency situations such as revenue shortages or budgetary imbalances.

The District has no stabilization amounts as of June 30, 2024.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans

A. Public Employees Retirement Association (PERA)

1. Plan Description

The District participates in the following cost-share 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.

1. General Employees Retirement Plan (GERF)
All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security.

2. Benefits Provided

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans-continued

A. Public Employees Retirement Association (PERA)- continued

2. Benefits Provided - continued

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

3. Contributions

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District contributions to the General Employees Fund for the year ended June 30, 2024, were $38,160. The contributions were equal to the required contributions as set by state statute.

4. Pension Costs

At June 30, 2024, the District reported a liability of $357,881 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $9,901.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

A. Public Employees Retirement Association (PERA) – continued

4. Pension Costs-continued

from all of PERA's participating employers. The District's proportionate share was 0.0064 percent at the end of the measurement period and 0.0059 percent for the beginning of the period.

District proportionate share of the net pension liability	$357,881
State of Minnesota's proportionate share of the net pension liability associated with the District	9,901
Total	$367,782

For the year ended June 30, 2024, the District recognized pension expense of $19,326 for its proportionate share of GERF's pension expense. In addition, the District recognized an additional $44 as pension expense for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At June 30, 2024, the District reported its proportionate share of GERF'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	$11,532	$3,236
Changes in actuarial assumptions	$75,139	$98,092
Difference between projected and actual investment earnings		$61,870
Changes in proportion	$32,698	$53,381
Contributions paid to PERA subsequent to the measurement date	$47,594	
Total	$166,963	$216,579

$47,594 reported as deferred outflows of resources related to pensions resulting from District contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

A. Public Employees Retirement Association (PERA) – continued

4. Pension Costs-continued

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

Year ended June 30:	Pension Expense Amount
2025	($9,736)
2026	($94,384)
2027	$14,674
2028	($7,764)
2029	$0

The total pension expense for all plans recognized by the District for the year ended June 30, 2024, was $19,326.

5. Long-Term Expected Return on Investment

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25%	0.75%
Private Markets	25%	5.90%
Total	100%	

6. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using and individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

A. Public Employees Retirement Association (PERA)-continued

6. Actuarial Methods and Assumptions-continued

investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

A. Public Employees Retirement Association (PERA)-continued

7. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's proportionate share of the GERF net pension liability:	$633,120	$357,881	$131,486

9. 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 .

B. Teachers Retirement Association

1. 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

A. Teachers Retirement Association-continued

1. Plan Description-continued

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

2. 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 as described.

Tier I	Step Rate Formula	Percentage
Basic	1st ten years if service years	2.2 percent per year
	1st ten years if service years	2.7 percent per year
Coordinated	1st ten years if service years are prior to July 1, 2006	1.2 percent per year
	1st 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 prior 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

Note 13 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association - continued

2. Benefits Provided - continued

With these provisions:

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

(b) 3 percent per year early retirement reduction factors for all years under normal retirement age.

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

Tier II: 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, for favorable to the members, 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 (A-1) 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 which 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 provisions in effect at the time they last terminated their public service.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association - continued

3. Contribution Rate

Minnesota Statute, Chapter 354 sets the contribution rates for employers and employees. Contribution rates can only be modified by the state legislature. Rates for each fiscal year ended June 30, 2022, June 30, 2023 and June 30, 2024 were:

	June 30, 2022		June 30, 2023		June 30, 2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.34%	11.00%	12.55%	11.25%	12.75%
Coordinated	7.50%	8.34%	7.50%	8.55%	7.75%	8.75%

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 the Schedule of Employer and Non-Employer Pension Allocations.

	in thousands
Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	$508,764
Employer contributions not related to future contribution efforts	(87)
Deduct TRA's contributions not included in allocations	(643)
Total employer contributions	$508,034
Total non-employer contributions	35,587
Total contributions reported in schedule of employer and non-employer pension allocations	$543,621

Amounts reported in the allocation schedules may not precisely agree with the 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.

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association - continued

4. Actuarial Assumptions

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2023
Measurement Date	June 30, 2023
Experience Study	June 28, 2019 (demographic and economic assumption)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Price Inflation	2.50%
Wage Growth Rate	2.85-3.25%
Projected Salary Increase	2.85-9.25%
Cost of living adjustment	1.0-1.5%
Mortality Assumption	
Pre-Retirement	RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-Retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-Disability	RP 2014 disabled retiree mortality table, without adjustment.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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.

Note 13 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association - continued

4. Actuarial Assumptions - continued

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

Asset Class	Final Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Private Markets	25%	5.90%
Fixed Income	25%	0.75%
Total	100%	

The TRA actuary had determined the average of the expected remaining service lives of all members for fiscal year 2023 is 6 years. The "Difference between expected and actual experience" and "changes of assumptions" use the amortization period of 6 years in the schedules 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.

Changes in actuarial assumptions since the 2022 valuation:

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employer contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association - continued

5. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

6. Net Pension Liability

On June 30, 2024, the District reported a liability of $2,831,885 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 0.0367% at the end of the measurement period and 0.0346% for the beginning of the year.

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

District's proportionate share of net pension liability	$2,831,885
State's proportionate share of the net pension liability associated with the District	$198,355

For the year ended June 30, 2024, the District recognized pension expense of $419,753. It also recognized $27,930 as an increase to pension expense for the support provided by direct aid.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association – continued

6. Net Pension Liability-continued

On June 30, 2024, the District reported deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$27,103	$42,526
Changes in Actuarial Assumption	$338,697	$307,844
Net Difference between projected and actual investment earnings on pension plan investments		$16,361
Changes in proportion	$487,631	$20,018
Contributions paid to TRA subsequent to measurement date	$209,678	
Total	**$1,063,109**	**$386,749**

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

2025	($101,274)
2026	$146,722
2027	$109,212
2028	$333,240
2029	($13,562)
Thereafter	($7,656)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 13 Defined Benefit Pension Plans - continued

B. Teachers Retirement Association – continued

7. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent as well as the liability measured using one percent lower and one percent higher.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of NPL:	$4,516,648	$2,831,885	$1,452,701

The Employer'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.

8. 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 accessed at the TRA Web site www.MinnesotaTRA.org. Alternatively, a copy of the report may be obtained by writing or calling TRA:

Teachers Retirement Association
60 Empire Drive, Suite 400
St Paul MN 55103-4000
(651) 296-2409
(800) 657-3669

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 14 Postemployment Benefits Other Than Pension Benefits (OPEB)

The District has implemented Governmental Accounting Standards Board (GASB), Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.*

General Information about the OPEB Plan

Plan Description
The District provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses.

Benefits Provided
The plan offers medical insurance benefits. Benefits are provided through a third-party insurer. Retirees and their spouses contribute to the healthcare plan at the same cost as District employees.

Employees covered by benefit terms
At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	56
	56

Contributions
The contribution requirements of the plan members and the District are established and may be amended by the Board of Education. For the year ended June 30, 2024, the District's average contribution rate was 3.0 percent of covered-employee payroll.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions
The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Note 14 Postemployment Benefits Other Than Pension Benefits (OPEB) - continued
Net OPEB Liability-continued

Inflation		2.5%
Salary increases		Based on service graded table
Investment rate of return		3.9%
Healthcare cost trend rates		6.5% for 2023, grading to 5.0% over 6 years then to 4.0% over the next 48 years

Mortality rates were based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

As of the year ended June 30, 2024, the District had no plan assets.

Discount Rate
The discount rate used to measure the total OPEB liability was 3.9 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 14 Postemployment Benefits Other Than Pension Benefits (OPEB) - continued
Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 6/30/2023	47,455	-0-	47,455
Changes for the year:			
Service cost	9,896		9,896
Interest cost	2,146		2,146
Assumption Changes	782		482
Difference between Expected And Actual Experience	(13,423)		(13,423)
Benefit Payment	(1,769)	-0-	(1,769)
Net changes	(2,368)		(2,368)
Balances at 6/30/2024	45,087	-0-	45,087

Assumption changes since the prior measurement date include the following:

- The heath care trend rates and mortality tables were updated.
- The discount rate was changed from 3.8% to 3.9%.

Sensitivity of the net OPEB liability to changes in discount rate
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 (2.9 percent) or 1-percentage-point higher (4.9 percent) than the current discount rate:

	1% Decrease (2.9%)	Discount Rate (3.9%)	1% Increase (4.9%)
Net OPEB liability	$49,067	$45,087	$41,383

Note 14 Postemployment Benefits Other Than Pension Benefits (OPEB) - continued

Sensitivity of the net OPEB liability to changes in 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 (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5 decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Net OPEB liability	$38,467	$45,087	$53,309

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $9,166. At June 30, 2024, the District reported deferred outflow of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Liability Gains		$11,185
Assumption Changes	$651	$3,072
Contributions paid to plan subsequent to measurement date	$630	
Total	**$1,281**	**$14,257**

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

June 30, 2025	($2,876)
June 30, 2026	($2,876)
June 30, 2027	($2,876)
June 30, 2028	($2,872)
June 30, 2029	($2,106)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

Note 15 Vacation and Sick Leave

The District has a policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from services with the District. Vacation leave is accrued as a liability and recorded as an expense of those funds as the benefits are earned by the employees. A liability for these amounts is reported only if they have matured as a result of employee resignation and retirement. All unused vacation leave expires at June 30, 2024.

Note 16 Risk Management

The District is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and dental; and natural disasters. Risks of loss associated with workers' compensation claims are insured through participation in the Minnesota School Boards Association Insurance Trust. All other risks of loss are insured by the purchase of commercial insurance. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the past three fiscal years.

The Minnesota School Boards Association Insurance Trust is a public entity risk pool currently operated as a common risk management and insurance program for member school districts. The district pays an annual premium based on its annual payroll and an experience modification factor for workers' compensation coverage.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
DEFINED BENEFIT PENSION PLANS
JUNE 30, 2024

Valuation Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA:							
June 30, 2014	0.0076%	$357,010		$357,010	$412,276	86.6%	78.7%
June 30, 2015	0.0073%	$378,324		$378,324	$419,960	90.1%	78.2%
June 30, 2016	0.0072%	$584,604	$7,641	$592,245	$442,400	132.1%	68.9%
June 30, 2017	0.0074%	$472,411	$5,965	$478,376	$480,547	98.3%	75.9%
June 30, 2018	0.0069%	$382,784	$12,510	$395,294	$459,987	83.2%	79.5%
June 30, 2019	0.0072%	$398,072	$12,333	$410,405	$510,733	77.9%	80.2%
June 30, 2020	0.0082%	$491,627	$15,245	$506,872	$585,680	83.9%	79.1%
June 30, 2021	0.0084%	$358,718	$10,883	$369,601	$604,080	59.4%	87.0%
June 30, 2022	0.0059%	$467,282	$13,760	$481,042	$442,147	105.7%	76.7%
June 30, 2023	0.0064%	$357,881	$9,901	$367,782	$508,800	70.3%	83.1%
TRA:							
June 30, 2014	0.0230%	$1,059,823	$74,503	$1,134,326	$1,050,512	100.9%	81.5%
June 30, 2015	0.0218%	$1,348,546	$165,588	$1,514,134	$1,108,320	121.7%	76.8%
June 30, 2016	0.0210%	$5,009,001	$502,602	$5,511,603	$1,090,813	459.2%	44.88%
June 30, 2017	0.0197%	$3,932,477	$380,064	$4,312,541	$1,057,997	371.7%	51.57%
June 30, 2018	0.0218%	$1,369,258	$128,384	$1,497,642	$1,204,440	113.7%	78.07%
June 30, 2019	0.0229%	$1,459,651	$129,037	$1,588,688	$1,301,232	112.2%	78.07%
June 30, 2020	0.0256%	$1,891,362	$158,243	$2,049,605	$1,489,583	127.0%	75.48%
June 30, 2021	0.0317%	$1,387,287	$117,092	$1,504,379	$1,895,191	73.2%	86.63%
June 30, 2022	0.0346%	$2,770,585	$205,652	$2,976,237	$2,137,614	129.6%	76.17%
June 30, 2023	0.0367%	$2,831,885	$198,355	$3,030,240	$2,183,700	129.7%	76.42%

See Note 13, Defined Benefit Pension Plans, for more information

Governmental Accounting Standards Board Statement 68 was implemented in fiscal year 2015.
The District will report the above RSI information prospectively as the information becomes available.

Independent School District No. 2907
Brewster, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
DEFINED BENEFIT PENSION PLANS
JUNE 30, 2024

Valuation Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
PERA:					
June 30, 2014	$28,848	$28,848	$0	$412,276	7.25%
June 30, 2015	$31,497	$31,497	$0	$419,960	7.50%
June 30, 2016	$33,180	$33,180	$0	$442,400	7.50%
June 30, 2017	$36,041	$36,041	$0	$480,547	7.50%
June 30, 2018	$34,499	$34,499	$0	$459,987	7.50%
June 30, 2019	$38,305	$38,305	$0	$510,733	7.50%
June 30, 2020	$43,926	$43,926	$0	$585,680	7.50%
June 30, 2021	$45,306	$45,306	$0	$604,080	7.50%
June 30, 2022	$33,161	$33,161	$0	$442,147	7.50%
June 30, 2023	$38,160	$38,160	$0	$508,800	7.50%
TRA:					
June 30, 2014	$73,536	$73,536	$0	$1,050,512	7.0%
June 30, 2015	$83,124	$83,124	$0	$1,108,320	7.50%
June 30, 2016	$81,811	$81,811	$0	$1,090,813	7.50%
June 30, 2017	$79,350	$79,350	$0	$1,057,997	7.50%
June 30, 2018	$90,333	$90,333	$0	$1,204,440	7.50%
June 30, 2019	$100,325	$100,325	$0	$1,301,232	7.71%
June 30, 2020	$117,975	$117,975	$0	$1,489,583	7.92%
June 30, 2021	$154,079	$154,079	$0	$1,895,191	8.13%
June 30, 2022	$178,277	$178,277	$0	$2,137,614	8.34%
June 30, 2023	$186,706	$186,706	$0	$2,183,700	8.55%

See Note 13, Defined Benefit Pension Plans, for more information

Governmental Accounting Standards Board Statement 68 was implemented in fiscal year 2015.
The District will report the above RSI information prospectively as the information becomes available.

REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN MD&A
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2024

Total OPEB liability	2024	2023	2022
Service Cost	9,896	10,370	12,344
Interest Cost	2,146	1,078	857
Assumption Changes	782	(4,610)	
Differences between Expected and Actual Experience	(13,423)		
Benefit Payments	(1,769)	(713)	(669)
Net change in total OPEB liability	(2,368)	6,125	12,532
Total OPEB liability - beginning	47,455	41,330	28,798
Total OPEB liability - ending (a)	45,087	47,455	41,330
Plan fiduciary net position (b)	-0-	-0-	-0-
District's Net OPEB liability - ending (a) - (b)	45,087	47,455	41,330
Plan fiduciary net position as a percentage of Total OPEB liablity	0.00%	0.00%	0.00%
Covered-employee payroll	2,695,113	2,539,617	2,465,648
District's Net OPEB liability as a percentage of covered-employee payroll	1.67%	1.87%	1.68%

See Note 14, Other Postemployment Benefits, for more information.

Multi-year trend information is not available at this time.
The District will report the above RSI information prospectively as the information becomes available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

General Employees Fund – continued

2020 Changes - continued

- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

General Employees Fund - continued

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

General Employees Fund - continued

2016 Changes
Changes in Actuarial Assumptions
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study 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.

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

2015 Changes:
Changes in Actuarial Assumptions
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

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

TRA Retirement Funds

2023 Changes
Changes in Actuarial Assumptions
The 2023 Tax Finance and Policy Bill, effective July 1, 2025:
- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employer contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:
- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- TRA's amortization date will remain the same at 2048.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

TRA Retirement Funds – continued

2022 Changes
Changes in Actuarial Assumptions
- None.

2021 Changes
Changes in Actuarial Assumptions
- The investment return assumption was changed from 7.50 percent to 7.00 percent.

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

2019 Changes
Changes in Actuarial Assumptions
- None

2018 Changes
Changes in Actuarial Assumptions
- The discount rate was decreased to 4.66% from 8.0%.
- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.

TRA Retirement Funds – continued

2018 Changes - continued

- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes
Changes in Actuarial Assumptions
- The discount rate was increased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5 percent, but remain at 2.0 percent for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4 percent to 0.0 percent, the vested inactive load increased from 4.0 percent to 7.0% and the non-vested inactive load increased from 4.0 percent to 9.0 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for ten years followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes
Changes in Actuarial Assumptions
- The discount rate was decreased to 4.66 to 8.0%.
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price of inflation assumption was lowered from 3% to 2.75%.
- The general wage and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
JUNE 30, 2024

TRA Retirement Funds – continued

2016 Changes - continued

- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

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

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

Post Employment Health Care Plan

2024 Changes
Changes in Actuarial Assumptions
- The heath care trend rates and mortality tables were updated.
- The discount rate was changed from 3.8% to 3.9%.

2023 Changes
Changes in Actuarial Assumptions
- The inflation rate was changed from 2.0% to 2.5%.
- The discount rate was changed from 2.1% to 3.8%.

2022 Changes
Changes in Actuarial Assumptions
- None

GENERAL FUND
BALANCE SHEET
JUNE 30, 2024

Assets	**2024**	**2023**
Cash and Investments	7,818,331	5,869,827
Accounts Receivable	958	9,778
Current Property Taxes Receivable	472,204	427,700
Delinquent Property Taxes Receivable	10,671	11,300
Due from Other Governmental Units	8,144	1,751
Due from the Federal Government through the Department of Education	35,116	126,579
Due From Other Minnesota Districts	63,334	31,653
Due From Department of Education	552,446	607,493
Prepaid Expenditures	40,156	52,735
Total Assets	9,001,360	7,138,816
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Salaries Payable	32,882	44,122
Accounts Payable	33,219	37,194
Payroll Deductions	49,642	42,871
Due to Other Governmental Units	40,936	695
Due to Other Minnesota School Districts	324,446	351,106
Total Liabilities	481,125	475,988
Deferred Inflows of Resources		
Unavailable Revenue - Delinquent Taxes	10,671	11,300
Property Taxes Levied for Subsequent Years	904,675	853,910
Total Deferred Inflows of Resources	915,346	865,210
Fund Balances		
Fund Balance-Committed	248,742	17,157
Fund Balance-Restricted	776,253	438,120
Fund Balance-Non Spendable	40,156	52,735
Fund Balance-Unassigned	6,539,738	5,289,606
Total Fund Balances	7,604,889	5,797,618
Total Liabilities, Deferred Inflows of Resources and Fund Balances	9,001,360	7,138,816

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
Revenues	Budget	Actual	Variance with Budget	Actual
Local Property Tax Levy				
Local Tax Levy	937,617	943,311	5,694	969,798
Total Local Property Tax Levy	937,617	943,311	5,694	969,798
Other Local and County Revenues				
County Apportionment	7,900	6,405	(1,495)	8,542
Interest Income	200,000	360,203	160,203	198,869
Other Revenues	31,911	34,441	2,530	28,876
Total Other Local and County Revenues	239,811	401,049	161,238	236,287
Revenue From State Sources				
General Education	5,564,143	5,705,681	141,538	4,904,742
Special Education	(50,000)	353,223	403,223	58,887
Endowment Fund Apportionment	29,732	30,876	1,144	22,651
Disparity Reduction Aid	590	590		585
Market Value Credit	3,540	3,540		3,971
Other State Aids	288,094	331,624	43,530	250,938
Total Revenue From State Sources	5,836,099	6,425,534	589,435	5,241,774
Revenue From Federal Sources				
Federal Aid Programs	188,246	205,911	17,665	516,030
Sales and Other Conversions of Assets				
Resale Items				19,583
Total Sales and Other Conversions of Assets	-0-	-0-	-0-	19,583
Total Revenues	7,201,773	7,975,805	774,032	6,983,472
Expenditures				
District and School Administration				
School Adminstration	146,038	137,822	8,216	194,900
Instructional Adminstration	39,462		39,462	
Board of Education	17,047	16,113	934	15,946
Superintendent's Office	279,401	282,343	(2,942)	196,367
Total District and School Administration	481,948	436,278	45,670	407,213

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
Expenditures - continued	**Budget**	**Actual**	**Variance with Budget**	**Actual**
District Support Services				
Business Services	130,000	107,869	22,131	118,905
General Administrative Support	87,000	25,258	61,742	28,470
Other Administrative Support	390	242	148	374
Total District Support Services	217,390	133,369	84,021	147,749
Regular Instruction				
Elementary Education (PreK)	242,443	246,793	(4,350)	297,421
Elementary Education (K)	144,576	126,070	18,506	136,013
Elementary Education (1-6)	848,280	712,652	135,628	777,422
Elementary (K) Individual Instruction	89,269	107,928	(18,659)	83,653
Elementary (1-6) Individual Instruction	424,923	373,113	51,810	332,819
Secondary Individual Instruction	244,847	255,384	(10,537)	43,005
Secondary-General	1,200,584	977,339	223,245	906,574
Gifted and Talented	7,722	7,994	(272)	6,594
Health, Physical Education, Recreation	109,114	109,987	(873)	104,865
Limited English Proficiency	120,665	128,041	(7,376)	144,004
Music	76,730	75,576	1,154	50,718
Title I Improving the Acedemics	58,794	58,794		62,211
Title II Part A	18,967	18,967		15,324
Title II Part D	42,622	42,622		41,587
Boys and Girls Athletics	25,236	21,744	3,492	18,674
Extra-Curricular Activities	37,855	34,267	3,588	44,635
Total Regular Instruction	3,692,627	3,297,271	395,356	3,065,519
Exceptional Instruction				
Special Educational-General	21,063	20,833	230	50,251
Special Educational-Aggregate	156,612	148,821	7,791	54,294
Autistic Spectrum Disorders	42,924	42,966	(42)	38,439
Developmentally Delayed	97,347	70,483	26,864	49,264
Early Intervening Services	17,942	17,942		47,613
Deaf-Hard of Hearing	7,553	13,122	(5,569)	1,840
Other Health Disorders	30,885	30,602	283	22,214
Specific Learning Disability	63,299	64,442	(1,143)	94,238
Physically Impaired	17,647	24,575	(6,928)	24,389
Speech/Language Impaired	42,916	76,899	(33,983)	26,661
Emotional/Behavioral Disorder	73,821	89,806	(15,985)	36,340
Total Exceptional Instruction	572,009	600,491	(28,482)	445,543

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
Expenditures - continued	Budget	Actual	Variance with Budget	Actual
Instructional Support Services				
Instruction Related Technology	147,464	111,063	36,401	231,008
Library Media Center	24,176	18,822	5,354	17,644
Staff Development	154,696	121,136	33,560	60,783
General Instruction Support	6,000	5,655	345	8,481
Total Instructional Support Services	332,336	256,676	75,660	317,916
Pupil Support Services				
Health Services	14,790	14,285	505	35,878
Social Work Services	8,000	8,318	(318)	19,349
Pupil Transportation	991,054	743,578	247,476	805,195
Other Pupil Support Services	270,620	275,151	(4,531)	242,596
Total Pupil Support Services	1,284,464	1,041,332	243,132	1,103,018
Site, Building and Equipment				
Salaries	125,764	127,877	(2,113)	112,716
Supplies	59,300	39,752	19,548	42,589
Utilities	94,250	83,534	10,716	71,716
Repair and Maintenance Service	166,143	138,237	27,906	145,233
Equipment	8,680	8,678	2	24,540
Building Improvement	10,675	10,877	(202)	10,007
Professional Services		48	(48)	48
Fuel	30,000	15,904	14,096	32,029
Travel	8,000	4,243	3,757	3,491
Total Site, Building and Equipment	502,812	429,150	73,662	442,369
Fixed Cost Programs				
Insurance	58,372	43,267	15,105	35,734
Total Fixed Cost Programs	58,372	43,267	15,105	35,734
Total Expenditures	7,141,958	6,237,834	904,124	5,965,061
Excess Revenues (Expenditures)	59,815	1,737,971	1,678,156	1,018,411
Other Financing Sources (Uses)				
Insurance Proceeds	1,178	2,818	1,640	58,139
Sale of Property and Equipment	65,882	66,482	600	57,953
Total Other Financing Sources (Uses)	67,060	69,300	2,240	116,092
Excess Revenues and Other Financing Sources Over Expenditures and Other Uses	126,875	1,807,271	1,680,396	1,134,503
Fund Balance-July 1		5,797,618		4,663,115
Fund Balance-June 30		7,604,889		5,797,618

ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

			Total (Memo Only)	
Assets	**Food Service**	**Community Service**	**2024**	**2023**
Cash	297,172	107,356	404,528	304,797
Accounts Receivable	64		64	
Current Property Taxes Receivable		13,920	13,920	13,310
Delinquent Property Taxes Receivable		607	607	585
Due from Department of Education		3,013	3,013	3,797
Inventory	1,600		1,600	2,218
Total Assets	298,836	124,896	423,732	324,707
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	16,121	393	16,514	181
Salaries Payable	2,860	401	3,261	2,341
Total Liabilities	18,981	794	19,775	2,522
Deferred Inflows of Resources				
Unavailable Revenue - Other	2,057		2,057	2,084
Unavailable Revenue - Delinquent Taxes		607	607	585
Property Taxes Levied for Subsequent Years		29,816	29,816	29,541
Total Deferred Inflows of Resources	2,057	30,423	32,480	32,210
Fund Balances				
Fund Balance-Non Spendable	1,600		1,600	2,218
Fund Balance-Restricted	276,198	93,679	369,877	287,757
Total Fund Balances	277,798	93,679	371,477	289,975
Total Liabilities, Deferred Inflows of Resources and Fund Balances	298,836	124,896	423,732	324,707

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Food Service	Community Service	Total (Memo Only) 2024	Total (Memo Only) 2023
Revenues				
Local Property Tax Levy		28,900	28,900	26,125
Other Local and County Revenues	11,086	18,538	29,624	24,380
Revenue from State Sources	134,001	67,610	201,611	98,599
Revenue from Federal Sources	392,772		392,772	343,176
Other	7,504		7,504	66,923
Total Revenues	545,363	115,048	660,411	559,203
Expenditures				
Community Education and Services		76,900	76,900	91,088
Pupil Support Services	502,009		502,009	431,401
Total Expenditures	502,009	76,900	578,909	522,489
Excess Revenues (Expenditures)	43,354	38,148	81,502	36,714
Fund Balance-July 1	234,444	55,531	289,975	253,261
Fund Balance-June 30	277,798	93,679	371,477	289,975

FOOD SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
Revenues	Budget	Actual	Variance with Budget	Actual
Other Local and County Revenues				
Interest Income	7,000	11,086	4,086	7,478
Total Other Local and County Revenues	7,000	11,086	4,086	7,478
Revenue From State Sources				
State Lunch Reimbursement	133,893	134,001	108	30,068
Revenue From Federal Sources				
Federal Lunch Reimbursement	360,725	365,363	4,638	338,200
Commodities	26,000	27,409	1,409	4,976
Total Revenue From Federal Sources	386,725	392,772	6,047	343,176
Sales and Other Conversion of Assets				
Sale of Lunches	7,280	7,504	224	66,923
Total Revenues	534,898	545,363	10,465	447,645
Expenditures				
Pupil Support Services				
Contracted Services	473,006	415,273	57,733	356,733
Commodities	26,000	27,409	(1,409)	4,976
Salaries	46,148	45,669	479	38,479
Supplies	13,000	9,612	3,388	8,964
Repair and Maintenance	5,000	1,672	3,328	2,066
Equipment	5,000		5,000	17,117
Utilities	1,750	2,374	(624)	3,066
Total Expenditures	569,904	502,009	67,895	431,401
Excess Revenues (Expenditures)	(35,006)	43,354	78,360	16,244
Fund Balance-July 1		234,444		218,200
Fund Balance-June 30		277,798		234,444

COMMUNITY SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
Revenues	**Budget**	**Actual**	**Variance with Budget**	**Actual**
Local Property Tax Levy				
Local Tax Levy	28,905	28,900	(5)	26,125
Total Local Property Tax Levy	28,905	28,900	(5)	26,125
Other Local and County Revenues				
Interest Income	1,200	3,566	2,366	1,944
Fees from Patrons	12,000	14,972	2,972	14,958
Total Other Local and County Revenues	13,200	18,538	5,338	16,902
Revenue From State Sources				
Disparity Reduction Credit	91	91		80
Market Value Credit	545	545		546
Other State Aids	67,014	66,974	(40)	67,905
Total Revenue from State Sources	67,650	67,610	(40)	68,531
Total Revenues	109,755	115,048	5,293	111,558
Expenditures				
Community Education and Services				
Salaries	70,574	71,635	(1,061)	72,735
Supplies	15,887	4,530	11,357	16,661
Contracted Services	4,100	735	3,365	1,692
Total Expenditures	90,561	76,900	13,661	91,088
Excess Revenues (Expenditures)	19,194	38,148	18,954	20,470
Fund Balance-July 1		55,531		35,061
Fund Balance-June 30		93,679		55,531

CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
	Budget	Actual	Variance with Budget	Actual
Revenues				
Earnings on Investments	900,000	1,003,415	103,415	158,605
Total Revenues	900,000	1,003,415	103,415	158,605
Expenditures				
Building Improvements	6,656,490	3,858,390	2,798,100	
Professional Fees		1,738,658	(1,738,658)	255,827
Total Expenditures	6,656,490	5,597,048	1,059,442	255,827
Excess Revenues (Expenditures)	(5,756,490)	(4,593,633)	1,162,857	(97,222)
Other Financing Sources (Uses)				
Bonds Issued				21,937,174
Transfers				(686,510)
Total Other Financing Sources (Uses)	-0-	-0-	-0-	21,250,664
Excess Revenues and Other Financing Sources Over Expenditures and Other Uses	(5,756,490)	(4,593,633)	1,162,857	21,153,442
Fund Balance-July 1		21,153,442		-0-
Fund Balance-June 30		16,559,809		21,153,442

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2024

	Year Ended June 30			
	2024			2023
	Budget	Actual	Variance with Budget	Actual
Revenues				
Local Property Tax Levy				
Local Tax Levy	99,734	100,086	352	121,340
Total Local Property Tax Levy	99,734	100,086	352	121,340
Other Local and County Revenues				
Interest Income	29,000	26,475	(2,525)	7,365
Total Other Local and County Revenues	29,000	26,475	(2,525)	7,365
Revenue From State Sources				
Disparity Reduction Credit	678	678		693
Market Value Credit	4,067	4,067		4,704
Long Term Facility Maintenance	30,948	30,948		22,201
School Building Bond Ag Credits	116,118	116,118		104,275
Total Revenue from State Sources	151,811	151,811	-0-	131,873
Total Revenues	280,545	278,372	(2,173)	260,578
Expenditures				
Fiscal and Other Cost Programs				
Bond Principal	155,000	155,000		155,000
Bond Interest	770,896	770,896		90,488
Other	4,975	4,975		1,425
Total Expenditures	930,871	930,871	-0-	246,913
Excess Revenues (Expenditures)	(650,326)	(652,499)	(2,173)	13,665
Other Financing Sources (Uses)				
Transfers				686,510
Total Other Financing Sources (Uses)	-0-	-0-	-0-	686,510
Excess Revenues and Other Financing Sources Over Expenditures and Other Uses	(650,326)	(652,499)	(2,173)	700,175
Fund Balance-July 1		740,052		39,877
Fund Balance-June 30		87,553		740,052

UNIFORM FINANCIAL ACCOUNTING & REPORTING STANDARDS
COMPLIANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2024

01 GENERAL FUND	**Audit**	**UFARS**	**Difference**
Total Revenues	7,975,805	7,975,805	0
Total Expenditures	6,237,834	6,237,834	0
Restricted/Reserve:			
4.01 Student Activities	30,897	30,897	0
4.03 Staff Development	47,427	47,427	0
4.12 Literacy Incentive Aid	4,791	4,791	0
4.24 Operating Capital	228,891	228,891	0
4.38 Gifted and Talented	105	105	0
4.41 Basic Skills	252,293	252,293	0
4.43 School Library Aid	21,257	21,257	0
4.49 Safe Schools	40,633	40,633	0
4.67 LTFM	109,324	109,324	0
4.71 Student Support Personnel	40,000	40,000	0
4.72 Medical Assistance	635	635	0
Non Spendable			
4.60 Non- Spendable	40,156	40,156	0
Commited			
4.18 Committed for Separation	248,742	248,742	0
Unassigned:			
4.22 Unassigned	6,539,738	6,539,738	0
02 FOOD SERVICE			
Total Revenues	545,363	545,363	0
Total Expenditures	502,009	502,009	0
Non Spendable:			
4.60 Non Spendable	1,600	1,600	0
Restricted/Reserve:			
4.64 Restricted	276,198	276,198	0
04 COMMUNITY SERVICE			
Total Revenues	115,048	115,048	0
Total Expenditures	76,900	76,900	0
Restricted/Reserve:			
4.31 Community Education	21,879	21,879	0
4.32 E.C.F.E.	56,423	56,423	0
4.44 School Readiness	1,275	1,275	0
4.64 Restricted	14,102	14,102	0
06 CAPITAL PROJECTS			
Total Revenues	1,003,415	1,003,415	0
Total Expenditures	5,597,048	5,597,048	0
Non Spendable			
4.60 Non- Spendable	366,022	366,022	0
Restricted/Reserve:			
4.64 Restricted	16,193,787	16,193,787	0
07 DEBT SERVICE			
Total Revenues	278,372	278,372	0
Total Expenditures	930,871	930,871	0
Restricted/Reserve:			
4.64 Restricted	87,553	87,553	0

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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*

To The Board of Education
Independent School District No. 2907
Brewster, Minnesota

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. 2907, Brewster, Minnesota as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Independent School District No. 2907, Brewster, Minnesota's basic financial statements, and have issued our report thereon dated November 8, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Independent School District No. 2907, Brewster, Minnesota's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control over financial reporting 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 over financial reporting 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2024-I, 2024-II and 2024-III to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. §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. 2907 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.

Independent School District No. 2907's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Independent School District No. 2907's response to the findings identified in our audit and is described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Meulebroeck, Taubert & Co., PLLP

Meulebroeck, Taubert & Co., PLLP
Certified Public Accountants
Luverne, Minnesota

November 8, 2024

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

I. Financial Statement Audit—Internal Controls

Previously Reported Items Not Resolved

2024-I Internal Accounting Controls

Due to the limited number of office personnel within the accounting department, proper segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. Although this is not unusual in small office situations, 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 an internal control point of view.

We recommend that the District's management be aware of the lack of segregation of the accounting functions and implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff.

Corrective Action Plan (CAP)

Evaluation of disagreement with audit findings:
There is no disagreement with the audit findings.

Actions planned in response to the finding:
Because it is economically infeasible to hire additional staff to adequately provide for the proper segregation of duties, the District implements an internal control policy that addresses the areas of segregation the District is lacking, including bank reconciliations, receipts, disbursements, payroll, journal entries, and budget. The policy utilizes staff and board members to ensure that segregation of duties occurs in every area.

Official responsible for Ensuring CAP:
The District's Superintendent in conjunction with the Business Manager is the official responsible for ensuring corrective action.

Planned completion date for CAP:
December 31, 2024

Plan to monitor completion of CAP:
The Superintendent and Board of Education will monitor the internal control system to ensure it is functioning as the internal control policy states.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

I. Financial Statement Audit—Internal Controls – continued

Previously Reported Items Not Resolved - continued

2024-II GAAP Financial Statements

District personnel that lack the necessary expertise are responsible for financial statements required to be prepared in accordance with generally accepted accounting principles.

Corrective Action Plan (CAP):

Evaluation of disagreement with audit findings:

There is no disagreement with the audit findings.

Actions planned in response to the finding:

The District has studied the situation and found that it is economically infeasible to hire or provide adequate training required to adequately prepare financial statements in accordance with generally accepted accounting principles. The cost-benefit of providing the necessary training to acquire and maintain this expertise prohibits it. Although the district will continue to have the auditor prepare the financial statements, the district has implemented an internal control policy to document the annual review of the financial statements, disclosures and schedules.

Official Responsible for Ensuring CAP:

The District's Superintendent and the Business Manager are the officials responsible for ensuring corrective action.

Planned Completion Date for CAP:

December 31, 2024

Plan to Monitor Completion of CAP:

The Superintendent and Board of Education will monitor the internal control policy is being followed in relation to the annual review of the financial statements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

I. Financial Statement Audit—Internal Controls – continued

Previously Reported Items Not Resolved - continued

2024-III Audit Adjustments

During our audit, we proposed adjustments that resulted in significant changes to the District's financial statements.

Corrective Action Plan (CAP):

Evaluation of disagreement with audit findings:

There is no disagreement with the audit findings.

Actions planned in response to the finding:

Proposed audit adjustments will be reviewed and approved by the appropriate staff and approved adjustments will be posted and reflected in the financial statements.

Official Responsible for Ensuring CAP:

The Business Manager is responsible for ensuring corrective action.

Planned Completion Date for CAP:

December 31, 2024

Plan to Monitor Completion of CAP:

The Superintendent and Board of Education will review their procedures to ensure accuracy.

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APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

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CHARTERED

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$________
INDEPENDENT SCHOOL DISTRICT NO. 2907
(ROUND LAKE-BREWSTER PUBLIC SCHOOLS)
NOBLES AND JACKSON COUNTIES, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2025A

We have acted as bond counsel to Independent School District No. 2907 (Round Lake-Brewster Public Schools), Nobles and Jackson Counties, Minnesota (the "Issuer"), in connection with the issuance by the Issuer of its General Obligation School Building Bonds, Series 2025A (the "Bonds"), originally dated June___, 2025, and issued in the original aggregate principal amount of $________. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings, and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed and are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.

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

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations, and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. 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 generally and by equitable principles, whether considered at law or in equity.

5. The resolution adopted by the School Board of the Issuer on April 16, 2025, obligates the Issuer to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of that law against the State of Minnesota (the "State") in the absence of appropriated and available funds to pay the obligations of the State thereunder.

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

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated ________________, 2025, at Minneapolis, Minnesota.

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 CERTIFICATE

(See following pages)

$_______
INDEPENDENT SCHOOL DISTRICT NO. 2907
(ROUND LAKE-BREWSTER PUBLIC SCHOOLS)
NOBLES AND JACKSON COUNTIES, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2025A

CONTINUING DISCLOSURE CERTIFICATE

__________, 2025

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 2907 (Round Lake-Brewster Public Schools), Nobles and Jackson Counties, Minnesota (the "District"), in connection with the issuance of its General Obligation School Building Bonds, Series 2025A (the "Bonds"), in the original aggregate principal amount of $_______. The Bonds are being issued pursuant to a resolution adopted by the School Board of the District (the "Resolution"). The Bonds are being delivered to _____________[, as syndicate manager] (the "Purchaser"), on the date hereof. Pursuant to the Resolution, the District has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolution, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

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

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

"Audited Financial Statements" means annual financial statements of the District, prepared in accordance with GAAP as prescribed by GASB.

"Bonds" means the General Obligation School Building Bonds, Series 2025A, issued by the District in the original aggregate principal amount of $_______.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

"District" means Independent School District No. 2907 (Round Lake-Brewster Public Schools), Nobles and Jackson Counties, Minnesota, which is the obligated person with respect to the Bonds.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally-recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

"Final Official Statement" means the Final Official Statement, dated _________, 2025, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the District.

"GAAP" means generally accepted accounting principles for governmental units as prescribed by GASB.

"GASB" means the Governmental Accounting Standards Board.

"Holder" means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Wabasha, DC 20005.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Purchaser" means _____________[, as syndicate manager].

"Repository" means EMMA, or any successor thereto designated by the SEC.

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

"SEC" means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The District shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends June 30, 2025, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate, provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

(b) If the District is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice of that fact to the Repository and the MSRB.

(c) The District shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. Student Body
5. Employment/Unemployment Data

In addition to the items listed above, the Annual Report shall include the most recent Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

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

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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

(b) The District shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the District shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the District's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally-recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the District shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The District's obligations under the Resolution and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally-recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolution requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the District delivers to the Repository an opinion of nationally-recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolution and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolution requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the District to the Repository of the proposed amendment and an opinion of nationally-recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

INDEPENDENT SCHOOL DISTRICT NO. 2907 (ROUND LAKE-BREWSTER PUBLIC SCHOOLS), NOBLES AND JACKSON COUNTIES, MINNESOTA

____
Board Chair

____
Clerk

APPENDIX E

TERMS OF PROPOSAL

$9,980,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2025A
INDEPENDENT SCHOOL DISTRICT NO. 2907
(ROUND LAKE-BREWSTER PUBLIC SCHOOLS), MINNESOTA

Proposals for the purchase of $9,980,000* General Obligation School Building Bonds, Series 2025A (the "Bonds") of Independent School District No. 2907 (Round Lake-Brewster Public Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:30 A.M., Central Time, on May 21, 2025, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 5:30 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held February 14, 2023, by the District, for the purpose of financing the acquisition and betterment of school sites and facilities in the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated June 12, 2025, 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*
2026	$615,000	2031	$690,000	2036	$640,000
2027	475,000	2032	725,000	2037	665,000
2028	565,000	2033	760,000	2038	695,000
2029	590,000	2034	800,000	2039	725,000
2030	660,000	2035	615,000	2040	760,000

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2026, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2034 shall be subject to optional redemption prior to maturity on February 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

DELIVERY

On or about March 7, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the District ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion 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). See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF PROPOSALS

Proposals must not be for less than $9,980,000 plus accrued interest on the principal sum of $9,980,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

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

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

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

A good faith deposit ("Deposit") in the amount of $199,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the District under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(1) The District shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;

(2) all bidders shall have an equal opportunity to bid;

(3) the District may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the District shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the District agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) <u>If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule</u>, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the District promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The District acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the District, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Bonds are awarded by the District to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the School Board

Independent School District No. 2907
(Round Lake-Brewster Public Schools), Minnesota

PROPOSAL FORM

The School Board **May 21, 2025**
Independent School District No. 2907 (Round Lake-Brewster Public Schools), Minnesota (the "District")

RE: **$9,980,000* General Obligation School Building Bonds, Series 2025A (the "Bonds")**
DATED: **June 12, 2025**

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you $__________________ (not less than $9,980,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due	2026	________	% due	2031	________	% due	2036
________	% due	2027	________	% due	2032	________	% due	2037
________	% due	2028	________	% due	2033	________	% due	2038
________	% due	2029	________	% due	2034	________	% due	2039
________	% due	2030	________	% due	2035	________	% due	2040

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

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of $199,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about June 12, 2025.

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

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

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

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

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

Account Manager: ______________________________ By: ______________________________

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 12, 2025 of the above proposal is $_______________and the true interest cost (TIC) is __________%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 2907 (Round Lake-Brewster Public Schools), Minnesota, on May 21, 2025.

By: ______________________________ By: ______________________________

Title: ______________________________ Title: ______________________________