PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 26, 2024

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 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: Moody's Investors Service, Inc.**

INDEPENDENT SCHOOL DISTRICT NO. 857
(LEWISTON-ALTURA PUBLIC SCHOOLS), MINNESOTA
(Winona County)

(Minnesota School District Credit Enhancement Program)
$19,950,000* GENERAL OBLIGATION SCHOOL BUILDING BOND, SERIES 2025A

PROPOSAL OPENING: January 13, 2025, 10:30 A.M., C.T.
CONSIDERATION: January 13, 2025, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $19,950,000* General Obligation School Building Bond, Series 2025A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 5, 2024, by Independent School District No. 857 (Lewiston-Altura 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: February 6, 2025

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2026	$575,000	2033	$775,000	2040	$1,340,000
2027	530,000	2034	820,000	2041	1,395,000
2028	560,000	2035	860,000	2042	1,460,000
2029	640,000	2036	900,000	2043	1,525,000
2030	670,000	2037	935,000	2044	1,595,000
2031	705,000	2038	975,000	2045	1,670,000
2032	745,000	2039	1,275,000		

***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: August 1, 2025 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: $19,950,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $399,000 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.

TABLE OF CONTENTS

LEWISTON-ALTURA PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
David Baer	Board Member*	January 2027
Sara Daley	Board Member*	January 2027
Daniel Kreidermacher	Board Member*	January 2027
Brein Maki	Board Member*	January 2029
Luke Miller	Board Member*	January 2029
Amber Pashe	Board Member*	January 2029
David Pringle	Board Member*	January 2029

*Officers will be elected at the first meeting in January 2025.

ADMINISTRATION

Gwen Carman, Superintendent of Schools

PROFESSIONAL SERVICES

School Management Services, Outsourced Business Manager, Shorewood, Minnesota

Kennedy & Graven, Chartered, Bond Counsel and District Attorney, 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. 857 (Lewiston-Altura Public Schools), Minnesota (the "District") and the issuance of its $19,950,000* General Obligation School Building Bond, 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 January 13, 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 February 6, 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 August 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 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 are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 5, 2024, by the District, at which voters approved a building program by a vote of 1,179-1,097. Proceeds of the Bonds will be used to provide funds for the acquisition and betterment of school sites and facilities, including the creation of secure entrances; the construction of traffic flow improvements; renovations and upgrades to create larger kindergarten classrooms, flexible learning spaces, and improved career and technical education (CTE), science and art classroom spaces; remodeling and upgrades to create Americans with Disabilities Act (ADA) accessible restrooms and improved locker rooms; and the completion of various deferred maintenance projects at school sites and facilities.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	$19,950,000	
Reoffering Premium	477,856	
Total Sources		**$20,427,856**
Uses		
Total Underwriter's Discount (1.000%)	$199,500	
Costs of Issuance	138,250	
Deposit to Construction Fund	20,090,106	
Total Uses		**$20,427,856**

*Preliminary, subject to change.

SECURITY

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

RATING

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

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

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

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on December 9, 2024 (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 last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery of the Bonds, 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.

Prior continuing disclosure undertakings entered into by the District included language stating that an Annual Report including the District's audited financial statements and operating data would be filed "as soon as available." Although the District did not provide financial statements "as soon as available", the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Except to the extent the foregoing deficiencies are deemed to be material, the District believes it has complied in all material respects with its prior disclosure undertakings under the Rule in the last five years. 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.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinions.

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.

NOT-QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will NOT designate the Bonds 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 CliftonLarsonAllen, LLP, Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

Taxes: The Bonds 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 and other funds) 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 of Minnesota (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	2021/22	2022/23	2023/24
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: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility[5]	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

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	$1,183,718,601[1]

2023/24 Assessor's Estimated Market Value

Real Estate	$1,047,809,200
Personal Property	6,398,600
Total Valuation	$1,054,207,800

2023/24 Net Tax Capacity

Real Estate	$8,168,573
Personal Property	127,558
Net Tax Capacity	$8,296,131
Less: Captured Tax Increment Tax Capacity[2]	(8,954)
Taxable Net Tax Capacity	$8,287,177

2023/24 NET TAX CAPACITY BY CLASSIFICATION

	2023/24 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$2,137,132	25.76%
Agricultural	5,003,956	60.32%
Commercial/industrial	415,451	5.01%
Public utility	46,905	0.57%
Railroad operating property	34,674	0.42%
Non-homestead residential	507,467	6.12%
Commercial & residential seasonal/rec.	22,988	0.28%
Personal property	127,558	1.54%
Total	$8,296,131	100.00%

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 89.19% of the actual selling prices of property most recently sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the District of $1,183,718,601.

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

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
2019/20	$846,749,900	$793,178,125	$6,425,781	$6,425,871	7.13%
2020/21	830,332,600	782,090,550	6,363,774	6,363,774	-1.94%
2021/22	845,345,700	802,758,100	6,585,518	6,584,950	1.81%
2022/23	962,117,700	905,950,300	7,550,227	7,541,875	13.81%
2023/24	1,054,207,800	996,144,900	8,296,131	8,287,177	9.57%

LARGEST TAXPAYERS

Taxpayer	Type of Property	2023/24 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Individual	Agricultural	$187,009	2.25%
Individual	Agricultural	103,604	1.25%
Dairyland Power Cooperative	Utility	89,540	1.08%
Individual	Agricultural	70,206	0.85%
Individual	Agricultural	59,407	0.72%
MSK Farms, LLC	Agricultural	50,043	0.60%
Individual	Rural Vacant Land/Agricultural	48,061	0.58%
Benson Farm Service, LLC	Commercial	46,977	0.57%
Individual	Agricultural	46,213	0.56%
Mienergy Cooperative	Utility	45,914	0.55%
Total		$746,974	9.00%

District's Total 2023/24 Net Tax Capacity $8,296,131

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

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1 Net Tax Capacity includes tax increment values.

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)*	$23,100,000

*Preliminary, subject to change.

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of Hiawatha Valley Education District No. 61-6013 (HVED). On April 16, 2024, HVED issued $15,000,000 Taxable Certificates of Participation, Series 2024A. The District has a contractual obligation to make 8.13% of the debt service payments on the Series 2024A Certificates.

DEBT PAYMENT HISTORY

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

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.

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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.

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 35.54% 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	$1,183,718,601
Multiply by 15%	0.15
Statutory Debt Limit	$177,557,790
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(23,100,000)
Unused Debt Limit*	$154,457,790

*Preliminary, subject to change.

Independent School District No. 857 (Lewiston-Altura Public Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 02/06/2025)

	Facilities Maintenance Bonds Series 2017A		School Building Bonds Series 2025A							
Dated	02/22/2017		02/06/2025							
Amount	$3,380,000		$19,950,000*							
Maturity	02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2026	215,000	99,475	575,000	905,516	790,000	1,004,991	1,794,991	22,310,000	3.42%	**2026**
2027	220,000	93,025	530,000	889,520	750,000	982,545	1,732,545	21,560,000	6.67%	**2027**
2028	230,000	86,425	560,000	863,020	790,000	949,445	1,739,445	20,770,000	10.09%	**2028**
2029	240,000	79,525	640,000	835,020	880,000	914,545	1,794,545	19,890,000	13.90%	**2029**
2030	245,000	72,325	670,000	803,020	915,000	875,345	1,790,345	18,975,000	17.86%	**2030**
2031	250,000	64,975	705,000	769,520	955,000	834,495	1,789,495	18,020,000	21.99%	**2031**
2032	255,000	57,475	745,000	734,270	1,000,000	791,745	1,791,745	17,020,000	26.32%	**2032**
2033	270,000	49,825	775,000	697,020	1,045,000	746,845	1,791,845	15,975,000	30.84%	**2033**
2034	230,000	41,725	820,000	658,270	1,050,000	699,995	1,749,995	14,925,000	35.39%	**2034**
2035	235,000	34,825	860,000	617,270	1,095,000	652,095	1,747,095	13,830,000	40.13%	**2035**
2036	245,000	26,600	900,000	574,270	1,145,000	600,870	1,745,870	12,685,000	45.09%	**2036**
2037	255,000	18,025	935,000	538,270	1,190,000	556,295	1,746,295	11,495,000	50.24%	**2037**
2038	260,000	9,100	975,000	500,870	1,235,000	509,970	1,744,970	10,260,000	55.58%	**2038**
2039			1,275,000	460,895	1,275,000	460,895	1,735,895	8,985,000	61.10%	**2039**
2040			1,340,000	406,708	1,340,000	406,708	1,746,708	7,645,000	66.90%	**2040**
2041			1,395,000	349,758	1,395,000	349,758	1,744,758	6,250,000	72.94%	**2041**
2042			1,460,000	286,983	1,460,000	286,983	1,746,983	4,790,000	79.26%	**2042**
2043			1,525,000	221,283	1,525,000	221,283	1,746,283	3,265,000	85.87%	**2043**
2044			1,595,000	152,658	1,595,000	152,658	1,747,658	1,670,000	92.77%	**2044**
2045			1,670,000	78,490	1,670,000	78,490	1,748,490	0	100.00%	**2045**
	3,150,000	733,325	19,950,000	11,342,629	23,100,000	12,075,954	35,175,954			

* Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2023/24 Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
County of:				
Winona	$68,309,768	12.1318%	$25,090,000	$3,043,869
City of:				
Lewiston	1,284,064	100.0000%	3,575,000	3,575,000
Town of:				
Utica	1,842,377	90.6078%	76,173	69,019
District's Share of Total Overlapping Debt				$6,687,887

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $1,183,718,601	Debt/ Per Capita 4,055[3]
Total G.O. Debt secured by Taxes and State Aids *	$23,100,000		
Less: Agricultural Credit[4]	(8,209,740)		
Tax Supported General Obligation Debt*	$14,890,260	1.26%	$3,672.07
District's Share of Total Overlapping Debt	$6,687,887	0.57%	$1,649.29
Total*	$21,578,147	1.82%	$5,321.37

*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 35.54% 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 $8,209,740.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date	% Collected
2019/20	$1,183,661	$1,170,161	$1,183,661	100.00%
2020/21	1,151,409	1,140,846	1,151,287	99.99%
2021/22	1,236,033	1,223,789	1,235,166	99.93%
2022/23	1,178,916	1,171,113	1,177,076	99.84%
2023/24	1,196,445	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.

TAX CAPACITY RATES[3]

	2019/20	2020/21	2021/22	2022/23	2023/24
I.S.D. No. 857 (Lewiston-Altura Public Schools)	13.322%	12.893%	12.597%	10.162%	9.923%
Winona County	40.065%	39.095%	37.998%	36.235%	36.653%
City of Altura	40.914%	40.807%	38.326%	32.847%	31.632%
City of Lewiston	100.313%	102.328%	103.540%	104.470%	103.395%
Town of Rollingstone[4]	15.284%	16.290%	16.939%	15.214%	14.793%
Watershed District	0.382%	0.383%	0.682%	0.592%	0.532%
SE Minnesota Multi County HRA	0.340%	0.332%	0.315%	0.272%	0.469%
Referendum Market Value Rates:					
I.S.D. No. 857 (Lewiston-Altura Public Schools)	0.16383%	0.15773%	0.17835%	0.16743%	0.14220%

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

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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.

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

4 Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 125, including 60 non-licensed employees and 65 licensed employees (58 of whom are teachers). The District provides education for 529 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

All teachers employed by the District are covered by defined benefit pension plans administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356, 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
Lewiston Education Association	June 30, 2025
L-A Principals Association	June 30, 2024

Status of Contracts

The contract that expired on June 30, 2024 is currently in negotiations.

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent Audited Financial Statements (Audit) shows a total OPEB liability of $350,396 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	29	260	391	680
2021/22	35	229	379	643
2022/23	39	211	334	584
2023/24	32	210	311	553
2024/25	38	204	287	529

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2025/26	32	203	268	503
2026/27	25	197	256	478
2027/28	33	197	223	453

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Lewiston Altura Elementary	1974	1997, 2010
Lewiston Altura High	1965	1997

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

FUNDS ON HAND (as of November 30, 2024)

Fund	**Total Cash and Investments**
General	$1,461,117
Food Service	227,984
Community Service	125,714
Debt Service	193,230
Student Activity	115,206
Total Funds on Hand	$2,123,251

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District's 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					
Property taxes	$977,090	$1,029,158	$1,021,279	$973,313	$1,026,030
Earning on investments	1,617	(20,037)	40,658	67,163	43,671
Other	213,119	296,309	273,062	359,993	403,901
Revenues from state sources	7,097,775	7,090,499	6,605,145	7,000,704	6,905,527
Revenues from federal sources	702,383	703,383	690,330	497,759	207,041
Total Revenues	$8,991,984	$9,099,312	$8,630,474	$8,898,932	$8,586,170
Expenditures					
Current:					
Administration	$576,748	$583,669	$604,674	$578,205	$635,758
District support services	363,270	376,626	307,439	409,353	270,177
Elementary & secondary regular instruction	3,849,881	3,873,856	3,837,156	3,785,159	3,536,301
Vocational education instruction	218,016	230,416	202,037	216,402	216,419
Special education instruction	1,388,636	1,545,176	1,443,178	1,523,680	1,555,022
Instructional support services	431,986	446,538	347,159	542,692	431,089
Pupil support services	768,875	933,238	876,252	755,251	930,326
Sites and buildings	765,605	812,133	980,422	818,211	729,335
Fiscal and other fixed cost programs	69,834	86,225	99,729	84,714	88,000
Capital outlay	344,779	174,300	378,420	289,645	200,000
Total Expenditures	$8,777,630	$9,062,177	$9,076,466	$9,003,312	$8,592,427
Excess of revenues over (under) expenditures	$214,354	$37,135	($445,992)	($104,380)	($6,257)
Other Financing Sources (Uses)					
Proceeds from sales of capital assets	$0	$7,158	$250	$65,286	$0
Proceeds from insurance recoveries	28,969	173,666	98,618	725	0
Sale of Real Property	0	0	27,597	0	0
Transfers (out)	(26,020)	0	0	0	0
Total Other Financing Sources (Uses)	$2,949	$180,824	$126,465	$66,011	$0
Net changes in Fund Balances	$217,303	$217,959	($319,527)	($38,369)	($6,257)
General Fund Balance July 1	$1,192,509	$1,409,812	$1,627,771	$1,308,244	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	$1,409,812	$1,627,771	$1,308,244	$1,269,875	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$92,356	$122,698	$35,583	$46,715	
Restricted	506,858	817,322	996,359	845,291	
Unassigned	810,598	687,751	276,302	377,869	
Total	$1,409,812	$1,627,771	$1,308,244	$1,269,875	

Note: In an election held on November 5, 2024, in addition to the approval of the bond referendum question, District voters approved a question to revoke the school district's existing operating referendum revenue authorization of $51.92 per pupil and to replace that authorization with a new authorization of $760 per pupil. The annual increase in general fund revenue is approximately $400,000 beginning with fiscal year 2025-26. The new authority was approved for a term of ten years and will increase each year by the rate of inflation.

[1] The 2024-25 budget was adopted on June 10, 2024.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 4,084 and a current population estimate of 4,055, and comprising an area of 159 square miles, is located approximately 122 miles southeast of Minneapolis, Minnesota.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Riverside Integrated Solutions[2]	Electronic manufacturing services	350
I.S.D. No. 857 (Lewiston-Altura Public Schools)	Elementary and secondary education	125
Ag Partners Co-Op, Inc.	Irrigation systems & equipment wholesalers	34
Daley Farm of Lewiston	Crop farm	30
Lewiston Auto Co., Inc.	Automobile dealers	30
Lewiston Senior Living	Residential care homes	20
Lewiston Monument Company	Monuments	20
S&S Heating & Cooling	Heating contractor	17
Lewiston Veterinary Clinic	Veterinarian- animal hospital	16
Lewiston Feed & Produce	Feed manufacturers	15

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	4,310
2020 U.S. Census population	4,084
Percent of Change 2010 - 2020	-5.24%
2023 State Demographer Estimate	4,055

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

2 Previously listed as Riverside Electronics Limited.

Income and Age Statistics

	The District	Winona County	State of Minnesota	United States
2023 per capita income	$36,195	$43,289	$46,957	$43,289
2023 median household income	$91,172	$78,538	$87,556	$78,538
2023 median family income	$106,495	$96,922	$111,492	$96,922
2023 median gross rent	$959	$1,348	$1,235	$1,348
2023 median value owner occupied units	$251,400	$303,400	$305,500	$303,400
2023 median age	37.2 yrs.	39.2 yrs.	38.6 yrs.	38.7 yrs.

	State of Minnesota	United States
District % of 2023 per capita income	77.08%	83.61%
District % of 2023 median family income	95.52%	109.88%

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	**Winona County**	**Winona County**	**State of Minnesota**
2020	26,982	5.0%	6.3%
2021	27,142	3.1%	3.7%
2022	27,692	2.1%	2.7%
2023	27,805	2.3%	2.8%
2024, November	27,876`	2.3%	2.9%

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 changes 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.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

INTRODUCTORY SECTION

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
BOARD OF EDUCATION AND ADMINISTRATION
YEAR ENDED JUNE 30, 2024

BOARD OF EDUCATION		Term Expires
Brein Maki	Chairperson	January 1, 2026
Sarah Sommer	Vice Chairperson	January 1, 2025
David Baer	Treasurer	January 1, 2026
David Pringle	Clerk	January 1, 2026
Sara Daley	Director	January 1, 2025
Jenny K. Koverman	Director	January 1, 2025
Daniel Kreidermacher	Director	January 1, 2025

* * * * * *

ADMINISTRATION

Gwen Carman	Superintendent
Dr. Cory Hanson	High School Principal
Dave Riebel	Elementary Principal

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Education
Independent School District No. 857
Lewiston, 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 Lewiston-Altura Public Schools Independent School District No. 857 (the District), 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 District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, 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, the budgetary comparison information, the schedule of changes in the District's total OPEB liability and related ratios, the schedule of the District's proportionate share of the net pension liability, and the schedule of District pension contributions 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 GAAS, 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 Uniform Financial Accounting and Reporting Standards Compliance Table and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 GAAS. In our opinion, the Uniform Financial Accounting and Reporting Standards Compliance Table and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Board of Education
Independent School District No. 857

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
October 18, 2024

REQUIRED SUPPLEMENTARY INFORMATION

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

This section of Lewiston-Altura Public Schools – Independent School District No. 857's annual financial report presents our 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 District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

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

- Overall General Fund revenues were $8,898,932 with $9,003,312 of expenditures.
- The General Fund fund balance decreased $39,369 from the prior year with revenues increasing 2% and expenditures staying consistent. The Unassigned Fund Balance decreased by $112,571 to $377,869.
- The district's business office continued to contract with Bergankdv and SMS for assistance with federal grant management and support with the audit process. School Management Services has been working in the finance office part time since December 2024 after the Business Manager left the position. A full time Finance Assistant began in the office October 30, 2024.
- The district continued to rely on revenues from funds received because of the pandemic to cover some general operating expenses. These were used by end of FY24.
- The closing of the Altura building (sale closed in July 2024) resulted in additional expenses for legal fees, moving expenses, auction preparation.
- The district transitioned to contracting for Facilities and Grounds Management services after the retirement of the Facilities and Grounds Director. This change integrates building maintenance, custodial services, grounds management and project management. This also provides the district cost savings through bulk purchasing of supplies, staffing consistencies, high expectations for quality services, safety trainings, shared expertise from their staff on best practices, guidance on options to address facility needs and expertise in understanding the legal requirements the district must adhere to. The annual contract includes the employment of on site staff.
- The district is holding a referendum on November 7, 2024 that asks voters to increase the Operating Levy to $760/student and two building bond questions regarding facility renovations and improvements at the elementary and high school. The results of the election will have a significant impact on the district's financial and operating future.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

District-Wide Statements

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

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

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

- To assess the overall health of the District one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was ($479,550) on June 30, 2024.

Table A-1
The District's Net Position

	Governmental Activities as of June 30, 2024	Governmental Activities as of June 30, 2023	Percentage Change
Current and Other Assets	$ 4,363,635	$ 4,340,178	0.54 %
Capital and Noncurrent Assets	7,359,052	7,865,881	(6.44)
Total Assets	11,722,687	12,206,059	(3.96)
Deferred Outflows of Resources	1,522,273	2,281,909	(33.29)
Current Liabilities	1,444,189	1,455,776	(0.80)
Long-Term Liabilities	9,886,295	11,280,781	(12.36)
Total Liabilities	11,330,484	12,736,557	(11.04)
Deferred Inflows of Resources	2,394,026	2,734,668	(12.46)
Net Position:			
Net Investment in Capital Assets	3,728,560	3,830,952	(2.67)
Restricted	1,554,284	1,701,538	(8.65)
Unrestricted	(5,762,394)	(6,515,747)	(11.56)
Total Net Position	$ (479,550)	$ (983,257)	(51.23)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total 2023-2024 revenues were $10,465,663 for the year ended June 30, 2024. Property taxes and state formula aid accounted for 60% of total revenue for the year (see Figure A-1).

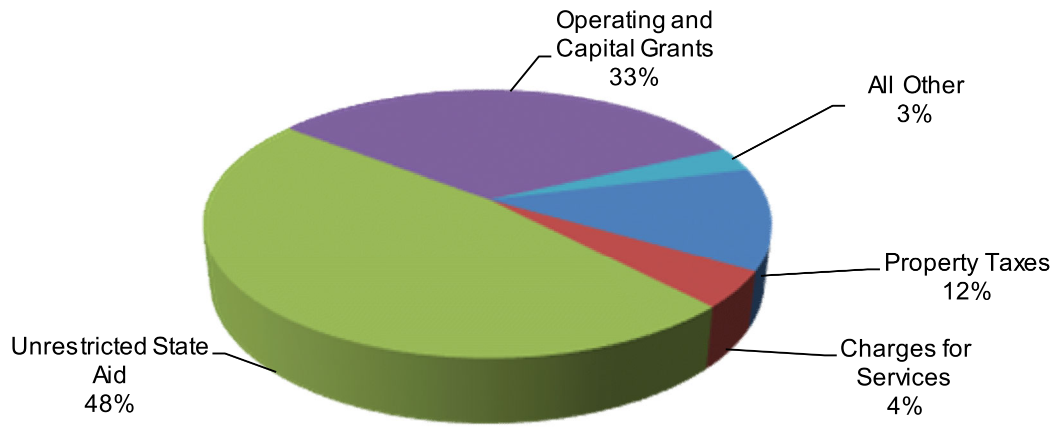
Table A-2
Change in Net Position

	Governmental Activities for the Fiscal Year Ended June 30, 2024	2023	Total % Change
Revenues			
Program Revenues			
Charges for Services	$ 463,449	$ 746,590	(37.92)%
Operating Grants and Contributions	3,340,043	2,747,330	21.57
Capital Grants and Contributions	84,004	89,612	(6.26)
General Revenues			
Property Taxes	1,286,811	1,320,851	(2.58)
Unrestricted State Aid	4,977,627	5,058,813	(1.60)
Investment Earnings	99,714	62,462	59.64
Other	214,015	131,056	63.30
Total Revenues	10,465,663	10,156,714	3.04
Expenses			
Administration	541,874	472,504	14.68
District Support Services	408,195	314,133	29.94
Regular Instruction	3,880,361	3,272,842	18.56
Vocational Education Instruction	202,464	139,525	45.11
Special Education Instruction	1,440,271	1,209,449	19.08
Instructional Support Services	544,205	319,723	70.21
Pupil Support Services	814,940	865,944	(5.89)
Sites and Buildings	991,582	1,099,403	(9.81)
Fiscal and Other Fixed Cost Programs	84,714	99,729	(15.06)
Food Service	589,778	580,484	1.60
Community Service	367,854	350,589	4.92
Interest and Fiscal Charges on Long-Term Liabilities	95,718	100,863	(5.10)
Total Expenses	9,961,956	8,825,188	12.88
Increase (Decrease) in Net Position	503,707	1,331,526	
Net Position - Beginning	(983,257)	(2,314,783)	
Net Position - Ending	$ (479,550)	$ (983,257)	

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

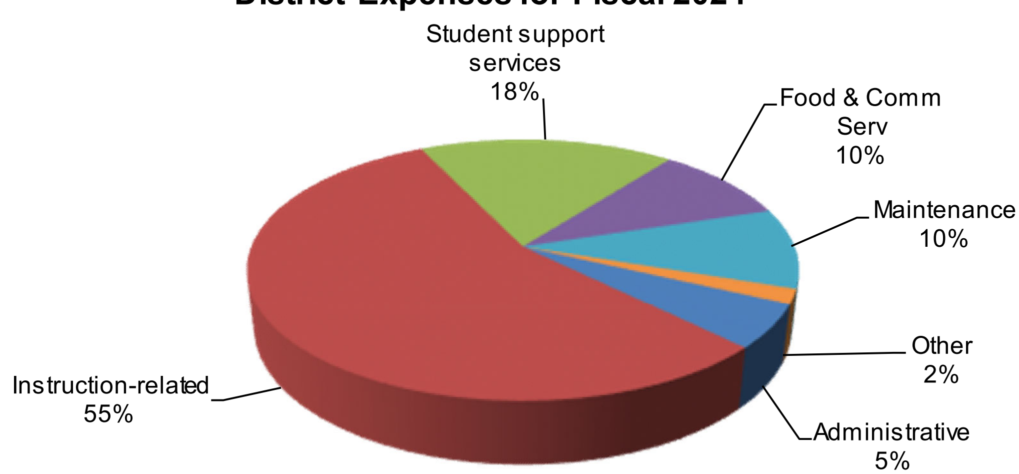
Local property taxes accounted for 12% of the total revenue for the year; 48% of the District's revenues were in the form of unrestricted state aid, and 33% were operating and capital grants. The remaining revenue came in the form of charges for services and miscellaneous revenue 7%).

Figure A-1
Sources of District's Revenues for Fiscal 2024



Typically, the District does not include an analysis of all governmental funds in a breakout of expenditures as depicted in Figure A-2. This may distort the latitude available to the District to allocate resources to instruction. All governmental funds include not only funds received for the general operation of the District, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources.

Figure A-2
District Expenses for Fiscal 2024



FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Table A-3
Program Expenses and Net Cost of Services

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2024	2023	Change	2024	2023	Change
Administration	$ 541,874	$ 472,504	14.68 %	$ 541,874	$ 472,504	14.68 %
District Support Services	408,195	314,133	29.94	408,195	310,858	31.31
Regular Instruction	3,880,361	3,272,842	18.56	1,130,578	818,751	38.09
Vocational Education Instruction	202,464	139,525	45.11	202,464	139,525	45.11
Special Education Instruction	1,440,271	1,209,449	19.08	1,401,224	1,199,677	16.80
Instructional Support Services	544,205	319,723	70.21	435,184	201,750	115.70
Pupil Support Services	814,940	865,944	(5.89)	802,280	865,944	(7.35)
Sites and Buildings	991,582	1,099,403	(9.81)	878,657	1,033,740	(15.00)
Fiscal and Other Fixed Cost Programs	84,714	99,729	(15.06)	84,714	99,729	(15.06)
Food Service	589,778	580,484	1.60	(39,137)	31,330	(224.92)
Community Service	367,854	350,589	4.92	132,709	(33,015)	(501.97)
Interest and Fiscal Charges on Long-Term Liabilities	95,718	100,863	(5.10)	95,718	100,863	(5.10)
Total	$ 9,961,956	$ 8,825,188	12.88	$ 6,074,460	$ 5,241,656	15.89

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

GENERAL FUND

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

Approximately 83% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local School Board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model providing approximately 68% of salaries for special education personnel expenditures. This amount is often pro-rated and does not include benefits such as FICA, TRA, or insurance.

ENROLLMENT

Enrollment is a critical factor in determining revenue. Approximately 90% of General Fund revenue is determined by enrollment. The following chart shows that the average daily membership of students has decreased by 27 students in fiscal year 2024 from the prior year.

GENERAL FUND (CONTINUED)

ENROLLMENT (CONTINUED)

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

Grade	2020	2021	2022	2023	2024
Pre - Kdgt. & Kdgt.	49	41	48	50	47
1-3	119	117	108	102	99
4-6	163	143	122	109	110
7-12	377	391	379	334	312
Total K-12 ADM	708	692	657	595	568
ADM Change	(20)	(16)	(35)	(62)	(27)
Percent Change	-2.7%	-2.3%	-5.1%	-9.0%	-4.1%

District enrollment has consistently declined for the past few years, particularly at the elementary and intermediate levels. Kindergarten enrollment numbers are significantly fewer than the number of students graduating each spring. Enrollment drops have been happening in the Elementary School initially, and now have made their way through the Intermediate School. In the next few years, these smaller class sizes will be progressing through the High School.

The following schedule presents a summary of General Fund Revenues.

Table A-5
General Fund Revenues

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	$ 973,313	$ 1,021,279	$ (47,966)	(4.7)%
Earnings on Investments	67,163	40,658	26,505	65.2
Other	359,993	273,062	86,931	31.8
State Sources	7,000,704	6,605,145	395,559	6.0
Federal Sources	497,759	690,330	(192,571)	(27.9)
Total General Fund Revenue	$ 8,898,932	$ 8,630,474	$ 268,458	3.1

Total General Fund Revenue increased by $268,458 in fiscal year 2024. Basic general education revenue is determined by multiple state formulas that are largely enrollment driven. The revenue consists of a mix of property tax and state aid. The ratio of the local valuation per student to a state determined equalizing number determines what portion of the revenue comes in the form of local levy and what portion comes in the form of state aid. That mix of levy and aid can change each year without affecting total revenue.

GENERAL FUND (CONTINUED)

ENROLLMENT (CONTINUED)

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase	Percent Increase
	June 30, 2024	June 30, 2023	(Decrease)	(Decrease)
Salaries	$ 4,903,353	$ 4,988,048	$ (84,695)	(1.7)%
Employee Benefits	1,296,721	1,334,946	(38,225)	(2.9)
Purchased Services	1,930,094	1,770,666	159,428	9.0
Supplies and Materials	519,037	517,413	1,624	0.3
Capital Expenditures	289,645	378,420	(88,775)	(23.5)
Other Expenditures	64,462	86,973	(22,511)	(25.9)
Total Expenditures	$ 9,003,312	$ 9,076,466	$ (73,154)	(0.8)

Total General Fund Expenditures decreased by $73,154 from the previous year. State funding per ADM has increased each year but at a much lower rate than the rising costs of wages, transportation and equipment/supplies.

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. These budget amendments fall into three categories:

- Implementing budgets for specially funded projects which include both federal and state grants as well as local projects for which the amount was not known at the time of budget adoption.
- Legislation passed for which the impact was not known at the time of budget adoption, changes necessitated by collective bargaining agreements, and increases or decreases in appropriations for significant costs.
- Due to the COVID-19 pandemic and Governor's Orders, the District's finances were impacted significantly, requiring increases and decreases in appropriations for a variety of fund areas. In FY22, the district received $580,561 in pandemic related funding which was reimbursement of expenses via grant applications.

FOOD SERVICE FUND

The Food Service Fund saw an increase in fund balance in the amount of $43,788. The Food Service program was in its second year of providing free meals to all students, without a requirement for qualifying for free meals through an application process. The meal costs were reimbursed through state and federal funds. The program also experienced some higher food prices and inconsistencies in availability of products.

COMMUNITY SERVICE FUND

The Community Service Fund experienced a decrease of $98,208 during the year. The deficit in the Community Education Fund is primarily due to a deficit in the School Readiness program which had a program deficit of $75,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the District had invested $7.4 million in a broad range of capital assets, including school buildings, athletic facilities, computer, technology, maintenance equipment and additions to the elementary and high school. (Table A-7).

Table A-7
Capital Assets

	2024	2023	Percentage Change
Land	$ 12,889	$ 13,089	(152.8)%
Land Improvements	1,092,376	1,085,804	0.6
Buildings and Improvements	13,107,630	13,415,212	(2.3)
Equipment	3,791,505	3,677,786	3.1
Less: Accumulated Depreciation	(10,645,348)	(10,326,010)	3.1
Total	$ 7,359,052	$ 7,865,881	(6.4)

Long-Term Liabilities

At year-end, the District had $3,545,000 in general obligation bonds. Compensated absences payable are based on future payments into health care savings plans and post retirement insurance benefits.

Table A-8
The District's Long-Term Liabilities

	2024	2023	Percentage Change
General Obligation Bonds	$ 3,545,000	$ 3,915,000	(9.5)%
Bond Premiums	85,492	119,929	(28.7)
Compensated Absences Payable	151,440	152,791	(0.9)
Total Long-Term Liabilities	$ 3,781,932	$ 4,187,720	(9.7)
Long-Term Liabilities:			
Due Within One Year	$ 416,988	$ 404,437	
Due in More Than One Year	3,364,944	3,783,283	
Total	$ 3,781,932	$ 4,187,720	

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved excess operating referendum, the District is dependent on the state of Minnesota for its revenue authority. The District has a voter-approved operating referendum in place through Fiscal Year 2026 that provides authority of $51.92 per adjusted pupil unit.

The most significant factors influencing the financial position of the District are declining enrollment and the significant facility needs for repairs, and modifications to meet the educational and security needs of the 21st Century schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 857, 100 County Road 25, Lewiston, Minnesota 55952.

BASIC FINANCIAL STATEMENTS

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and Investments	$ 2,583,342
Receivables:	
Property Taxes	749,245
Other Governments	939,654
Other	31,452
Prepaid Items	45,715
Inventory	14,227
Capital Assets:	
Land and Construction in Progress	12,889
Other Capital Assets, Net of Depreciation	7,346,163
Total Assets	11,722,687
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	1,461,468
Other Postemployment Benefit Related	60,805
Total Deferred Outflows of Resources	1,522,273
LIABILITIES	
Salaries and Payroll Deductions Payable	963,270
Accounts and Contracts Payable	12,807
Accrued Interest Payable	49,240
Due to Other Governmental Units	1,884
Long-Term Liabilities:	
Portion Due Within One Year	416,988
Portion Due in More Than One Year	3,364,944
Net Pension Liability	6,170,955
Other Postemployment Benefit Liability - Due Within One Year	34,840
Other Postemployment Benefit Liability - Due in More Than One Year	315,556
Total Liabilities	11,330,484
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	1,357,123
Pension Related	991,597
Other Postemployment Benefit Related	45,306
Total Deferred Inflows of Resources	2,394,026
NET POSITION	
Net Investment in Capital Assets	3,728,560
Restricted for:	
Operating Capital Purposes	141,227
State-Mandated Reserves	704,064
Food Service	235,795
Community Service	45,819
Capital Projects	389,704
Debt Service	37,675
Unrestricted	(5,762,394)
Total Net Position	$ (479,550)

See accompanying Notes to Basic Financial Statements.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Functions	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	$ 541,874	$ -	$ -	$ -	$ (541,874)
District Support Services	408,195	-	-	-	(408,195)
Regular Instruction	3,880,361	130,365	2,599,226	20,192	(1,130,578)
Vocational Education Instruction	202,464	-	-	-	(202,464)
Special Education Instruction	1,440,271	13,395	25,652	-	(1,401,224)
Instructional Support Services	544,205	-	106,088	2,933	(435,184)
Pupil Support Services	814,940	-	-	12,660	(802,280)
Sites and Buildings	991,582	64,706	-	48,219	(878,657)
Fiscal and Other Fixed Cost Programs	84,714	-	-	-	(84,714)
Food Service	589,778	100,664	528,251	-	39,137
Community Service	367,854	154,319	80,826	-	(132,709)
Interest and Fiscal Charges on Long-Term Liabilities	95,718	-	-	-	(95,718)
Total School District	$ 9,961,956	$ 463,449	$ 3,340,043	$ 84,004	(6,074,460)
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					973,065
Community Service					48,747
Debt Service					264,999
State Aid Not Restricted to Specific Purposes					4,977,627
Earnings on Investments					99,714
Miscellaneous					214,015
Total General Revenues					6,578,167
CHANGE IN NET POSITION					503,707
Net Position - Beginning					(983,257)
NET POSITION - ENDING					$ (479,550)

See accompanying Notes to Basic Financial Statements.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds		
	General	Food Service	Community Service
ASSETS			
Cash and Investments	$ 1,646,708	$ 227,985	$ 125,714
Receivables:			
Current Property Taxes	417,331	-	39,933
Delinquent Property Taxes	2,456	-	205
Due from Other Minnesota School Districts	53,224	-	-
Due from Minnesota Department of Education	629,823	-	4,456
Due from Federal through Minnesota Department of Education	222,489	-	-
Other Receivables	11,538	19,914	-
Prepaid Items	45,715	-	-
Inventory	-	14,227	-
Total Assets	$ 3,029,284	$ 262,126	$ 170,308
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Salaries and Payroll Deductions Payable	$ 892,817	$ 26,331	$ 44,122
Accounts and Contracts Payable	12,807	-	-
Due to Other Governmental Units	1,884	-	-
Total Liabilities	907,508	26,331	44,122
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	850,445	-	81,380
Unavailable Revenue - Delinquent Property Taxes	2,456	-	205
Total Deferred Inflows of Resources	852,901	-	81,585
Fund Balances:			
Nonspendable:			
Prepaid Items	45,715	-	-
Inventory	-	14,227	-
Restricted for:			
Student Activities	136,959	-	-
Scholarships	91,753	-	-
Basic Skills Programs	89,583	-	-
Operating Capital	141,227	-	-
LTFM	333,417	-	-
Medical Assistance	51,979	-	-
Early Childhood and Family Education Programs	-	-	30,830
Basic Skills Extended Time	373	-	-
Restricted for Other Purposes	-	221,568	14,784
Unassigned	377,869	-	(1,013)
Total Fund Balances	1,268,875	235,795	44,601
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,029,284	$ 262,126	$ 170,308

See accompanying Notes to Basic Financial Statements.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024

	Major Funds		Total
	Capital Projects	Debt Service	Total Governmental Funds
ASSETS			
Cash and Investments	$ 389,704	$ 193,231	$ 2,583,342
Receivables:			
Current Property Taxes	-	288,569	745,833
Delinquent Property Taxes	-	751	3,412
Due from Other Minnesota School Districts	-	-	53,224
Due from Minnesota Department of Education	-	29,662	663,941
Due from Federal through Minnesota Department of Education	-	-	222,489
Other Receivables	-	-	31,452
Prepaid Items	-	-	45,715
Inventory	-	-	14,227
Total Assets	$ 389,704	$ 512,213	$ 4,363,635
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Salaries and Payroll Deductions Payable	$ -	$ -	$ 963,270
Accounts and Contracts Payable	-	-	12,807
Due to Other Governmental Units	-	-	1,884
Total Liabilities	-	-	977,961
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	-	425,298	1,357,123
Unavailable Revenue - Delinquent Property Taxes	-	751	3,412
Total Deferred Inflows of Resources	-	426,049	1,360,535
Fund Balances:			
Nonspendable:			
Prepaid Items	-	-	45,715
Inventory	-	-	14,227
Restricted for:			
Student Activities	-	-	136,959
Scholarships	-	-	91,753
Basic Skills Programs	-	-	89,583
Operating Capital	-	-	141,227
LTFM	357,001	-	690,418
Medical Assistance	-	-	51,979
Early Childhood and Family Education Programs	-	-	30,830
Basic Skills Extended Time	-	-	373
Restricted for Other Purposes	32,703	86,164	355,219
Unassigned	-	-	376,856
Total Fund Balances	389,704	86,164	2,025,139
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 389,704	$ 512,213	$ 4,363,635

See accompanying Notes to Basic Financial Statements.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances for Governmental Funds	$	2,025,139
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land		12,889
Land Improvements, Net of Accumulated Depreciation		699,458
Buildings and Improvements, Net of Accumulated Depreciation		5,532,156
Equipment, Net of Accumulated Depreciation		1,114,549
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 Deferred Inflows of Resources in the funds.		3,412
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(49,240)
The District's Net Pension Liability and related Deferred Outflows and Inflows of Resources are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability		(6,170,955)
Deferred Outflows of Resources - Pension Related		1,461,468
Deferred Inflows of Resources - Pension Related		(991,597)
The District's Other Postemployment Benefit Liability and related Deferred Outflows and Inflows of Resources are recorded only on the statement of net position. Balances at year-end are:		
Other Postemployment Benefit Liability		(350,396)
Deferred Inflows of Resources - Other Postemployment Benefit		(45,306)
Deferred Outflows of Resources - Other Postemployment Benefit Liability		60,805
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year-end are:		
Bonds Payable		(3,545,000)
Unamortized Premiums		(85,492)
Compensated Absences Payable		(151,440)
Total Net Position of Governmental Activities	$	(479,550)

See accompanying Notes to Basic Financial Statements.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	Major Funds		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	$ 973,313	$ -	$ 48,732
Investment Income	67,163	4,650	6,510
Other	359,993	100,771	154,325
State Sources	7,000,704	263,100	82,685
Federal Sources	497,759	265,045	-
Total Revenues	8,898,932	633,566	292,252
EXPENDITURES			
Current:			
Administration	578,205	-	-
District Support Services	409,353	-	-
Elementary and Secondary Regular Instruction	3,785,159	-	-
Vocational Education Instruction	216,402	-	-
Special Education Instruction	1,523,680	-	-
Instructional Support Services	542,692	-	-
Pupil Support Services	755,251	-	-
Sites and Buildings	818,211	-	-
Fiscal and Other Fixed Cost Programs	84,714	-	-
Food Service	-	555,654	-
Community Service	-	-	390,460
Capital Outlay	289,645	34,124	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	9,003,312	589,778	390,460
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(104,380)	43,788	(98,208)
OTHER FINANCING SOURCES			
Proceeds from Sales of Capital Asset Building	64,286	-	-
Proceeds from Sales of Capital Asset Equipment	725	-	-
Total Other Financing Sources	65,011	-	-
NET CHANGE IN FUND BALANCES	(39,369)	43,788	(98,208)
Fund Balances - Beginning	1,308,244	192,007	142,809
FUND BALANCES - ENDING	$ 1,268,875	$ 235,795	$ 44,601

See accompanying Notes to Basic Financial Statements.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Major Funds		Total
	Capital Projects	Debt Service	Governmental Funds
REVENUES			
Local Sources:			
Property Taxes	$ -	$ 265,013	$ 1,287,058
Investment Income	19,531	1,860	99,714
Other	-	1	615,090
State Sources	-	300,397	7,646,886
Federal Sources	-	-	762,804
Total Revenues	19,531	567,271	10,411,552
EXPENDITURES			
Current:			
Administration	-	-	578,205
District Support Services	-	-	409,353
Elementary and Secondary Regular Instruction	-	-	3,785,159
Vocational Education Instruction	-	-	216,402
Special Education Instruction	-	-	1,523,680
Instructional Support Services	-	-	542,692
Pupil Support Services	-	-	755,251
Sites and Buildings	-	-	818,211
Fiscal and Other Fixed Cost Programs	-	-	84,714
Food Service	-	-	555,654
Community Service	-	-	390,460
Capital Outlay	-	-	323,769
Debt Service:			
Principal	-	370,000	370,000
Interest and Fiscal Charges	-	137,425	137,425
Total Expenditures	-	507,425	10,490,975
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	19,531	59,846	(79,423)
OTHER FINANCING SOURCES			
Proceeds from Sales of Capital Asset Building	-	-	64,286
Proceeds from Sales of Capital Asset Equipment	-	-	725
Total Other Financing Sources	-	-	65,011
NET CHANGE IN FUND BALANCES	19,531	59,846	(14,412)
Fund Balances - Beginning	370,173	26,318	2,039,551
FUND BALANCES - ENDING	$ 389,704	$ 86,164	$ 2,025,139

See accompanying Notes to Basic Financial Statements.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Governmental Funds	$ (14,412)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays and acquisition of right-to-use assets as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their useful lives and reported as depreciation or amortization expense.	
Capital Outlays	216,854
Gain (Loss) on Disposal of Capital Assets	10,354
Proceeds from the Sales of Capital Assets	(65,011)
Depreciation Expense	(669,026)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the in the governmental funds.	(247)
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses in the statement of activities are measured by the change in Net Pension Liability and the related Deferred Outflows and Inflows of Resources.	612,875
In the statement of activities, certain operating expenses - compensated absences payable - by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	1,351
Other postemployment benefit expenditures in the governmental funds are measured by current year benefit payments. Other postemployment benefit expense on the statement of activities is measured by the change in the total OPEB liability and the related deferred inflows and outflows of resources.	(738)
The governmental funds report bond proceeds as financing sources, while repayment of bond 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. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:	
Repayment of Bond Principal	370,000
Change in Accrued Interest Liability	7,270
Amortization of Bond Premium	34,437
Change in Net Position of Governmental Activities	$ 503,707

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 857 (the District) 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. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an education institution. The elected School Board (the Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting principles generally accepted in the United States of America require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. The Board establishes broad policies and ensures that appropriate financial records are maintained for student activities, as well as controls and is financially accountable for these activities. Accordingly, the accounts and transactions for the student activities are included in the financial statements of the General Fund.

C. 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 of the financial activities of the District.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Depreciation expenses that can be specifically identified by function are 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 interfund activity has been removed from the District-wide financial statements.

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts recognized in advance in accordance with a statutory “tax shift” described later in these notes. Grant and similar items are recognized when 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. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenue when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

Description of Funds

The existence of the various District funds has been established by the state of Minnesota Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Special Revenue Fund are composed of user fees and reimbursements from the federal and state governments. These revenues are restricted for the Food Service Special Revenue Fund.

Community Service Special Revenue Fund – The Community Service Special Revenue Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Special Revenue Fund are composed of user fees, local levy dollars, state tax credits, and aid from the state government. These revenues are restricted for the Community Service Special Revenue Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term obligation bond principal, interest, and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Projects, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 or within one week of the acceptance of the final audit by the Board each year. Reported budgeted amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board action. Revisions to budgeted amounts must be approved by the Board.

Total fund expenditures in excess of the budget require approval of the Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

F. Cash and Investments

Cash and investments consist of demand deposit accounts, time/savings accounts, investments in U.S. Treasury Securities and Municipal Bonds, and deposits in the Minnesota School District Liquid Asset Fund (MSDLAF). Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

G. Receivables

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. The only receivables not expected to be collected within one year are current property taxes receivable.

H. 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 an expense or expenditure at the time of consumption.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventory

Inventory is recorded using the consumption method of accounting and consists of food and other supplies on hand at year end and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

J. Property Taxes

Property tax levies are established by the Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15, and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund and Debt Service Fund (and to a lesser extent in the District’s Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the “tax shift.”

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District’s combined 2000 Pay 2001 operating referendum levy (frozen at zero) for the District. Certain other portions of the District’s 2023 Pay 2024 levy, normally revenue for the 2024 – 2025 fiscal year, are also advance recognized at June 30, 2024, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is unavailable because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2024, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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

Capital assets are recorded in the 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 when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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

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

L. Long-Term Liabilities

In the government-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 amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Employee Benefits

Compensated Absences Payable

The District has employee and union contracts with several different employee groups. Employee benefits under the contracts are different, but generally include provisions for sick leave and vacation leave. The District accounts for the employee benefits as follows:

Vacation leave vests and may be carried forward for up to two years, depending on the contract. A liability is recorded for earned but unpaid vacation leave.

Sick leave does not vest and is accounted for as an expenditure when paid. Employees may accrue an unlimited amount of sick days to be paid upon termination. All certified employees receive a severance payment at a rate of $30 per day of unused sick leave. In addition, certified employees hired before the 1980 – 1981 school year, may convert unused sick days into paid group health insurance at the rate of 20 days for each one year of premiums. Also, certified employees hired after the 1980 – 1981 school year and before the 2001 – 2002 school year, may convert unused sick days into paid group health insurance at the rate of 30 days for each one year of premiums. Certified employees hired after the 2001 – 2002 school year cannot convert unused sick days into paid group health insurance. Noncertified employees receive a payment at the rate of $25 per day of unused sick leave upon reaching age 55 and having completed 15 years of service to the District. In addition, noncertified employees may convert unused sick days into paid group health insurance at the rate of 25 days for each one year of premiums. At June 30, 2024, compensated absences payable totaling $151,440 is recorded in the District-wide financial statements.

Other Postemployment Benefits

Under the provisions of the various employee and union contracts, the District provides health care benefits if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis.

N. Pensions

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Pensions (Continued)

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

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of Minneapolis Employees Retirement Fund into GERF in fiscal year 2006.

O. Deferred Outflows of Resources

In addition to assets, the financial statements reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until that time. The District has only two types of items. The first type, *pension related*, is related to differences in actual and projected earnings on plan investments, changes in assumptions, differences in expected and actual economic experience, changes in proportionate share and contributions subsequent to the measurement date. The second type, *other postemployment benefit related*, is related to contributions subsequent to the measurement date.

P. Deferred Inflows of Resources

In addition to liabilities, the financial statements reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four types of items. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflows of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type, *pension related,* is related to changes in assumptions, differences in actual and projected earnings on plan investments, differences in expected and actual economic experience and changes in proportionate share. The fourth type, *other postemployment benefit related*, is related to changes in assumptions and differences in expected and actual economic experience.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance are related to prepaid items and inventory. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent, the Business Manager, and the Assistant Finance Clerk the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts.

In accordance with the District’s fund balance policy, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; it is the District’s policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned and unassigned fund balance is available, it is the District’s policy to use committed first, then assigned and finally unassigned fund balance.

The District has a minimum fund balance policy, which identifies a minimum unassigned General Fund balance of 10% of the annual budgeted expenditures.

The District’s liabilities for compensated absences, pension and OPEB are generally liquidated by the General Fund.

R. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the District-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 or other borrowings used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

S. Estimates

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

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and Balance Sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the District's School Board.

Minnesota Statutes require that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The District's deposits in financial institutions at June 30, 2024, were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. Government Agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. It is required that the District sign authorizations releasing collateral once it is pledged.

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; Revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Guaranteed Investment Contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in one of the top two rating categories.

- Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2024, the District had the following investments:

Investments Measured at Fair Value	
Municipal Bonds	$ 260,291
U.S. Treasury Securities	136,021
Total Investments Measured at Fair Value	$ 396,312

External Investment Pools	Measured at Amortized Cost
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	$ 1,505,654

The Minnesota School District Liquid Asset Fund Plus (MSDLAF+) is an external investment pool (Pool) that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of $1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Governmental Accounting Standards Board.

The Liquid Class has no redemption requirements. The MAX Class may not be redeemed for at least 14 days, and a 24-hour hold is placed on redemption requests. Redemptions prior to 14 days may be subject to penalty.

The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a formal policy relating to this risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

	Investment Maturities in Years			
Investment Type	12 Months or Less	1 to 3 Years	Total	Credit Rating
MSDLAF+ (Liquid Class)	$ 1,148,215	$ -	$ 1,148,215	Not Rated
MSDLAF+ (MAX Class)	357,439	-	357,439	Not Rated
Municipal Bonds	127,269	133,022	260,291	AAA/Aa1
U.S. Treasury Securities	136,021	-	136,021	Not Required
Total	$ 1,768,944	$ 133,022	$ 1,901,966	

Concentration of Credit Risk

Except for amounts invested with Trustees, the District limits the amount of its total deposits and investments portfolio that may be invested with any one depository to 75% of the total portfolio.

The following investments individually comprise more than 5% of the District's total investments.

Concentration of Credit Risk		
Houghton Portage Twp Sc Dist Mich GO Bonds	$ 127,269	6.69%
New York NY City Transitional Fin Auth Rev Bonds	133,022	6.99%

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk (Continued)

The deposits and investments are presented in the financial statements as follows:

Deposits	$	681,376
Municipal Bonds		260,291
U.S. Treasury Securities		136,021
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)		1,505,654
Total Cash and Investments	$	2,583,342

C. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

Assets measured at fair value on a recurring basis:

Investment Type	Level 1	Level 2	Level 3	Total
Muncipal Bonds	$ -	$ 260,291	$ -	$ 260,291
U.S. Treasury Securities	136,021	-	-	136,021
Total	$ 136,021	$ 260,291	$ -	$ 396,312

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 13,089	$ -	$ (200)	$ 12,889
Total Capital Assets, Not Being Depreciated	13,089	-	(200)	12,889
Capital Assets, Being Depreciated:				
Land Improvements	1,085,804	24,225	(17,653)	1,092,376
Buildings and Improvements	13,415,212	5,162	(312,744)	13,107,630
Equipment	3,677,786	187,467	(73,748)	3,791,505
Total Capital Assets, Being Depreciated	18,178,802	216,854	(404,145)	17,991,511
Accumulated Depreciation for:				
Land Improvements	(358,613)	(49,899)	15,594	(392,918)
Buildings and Improvements	(7,403,331)	(435,379)	263,236	(7,575,474)
Equipment	(2,564,066)	(183,748)	70,858	(2,676,956)
Total Accumulated Depreciation	(10,326,010)	(669,026)	349,688	(10,645,348)
Total Capital Assets, Being Depreciated, Net	7,852,792	(452,172)	(54,457)	7,346,163
Governmental Activities Capital Assets, Net	$ 7,865,881	$ (452,172)	$ (54,657)	$ 7,359,052

Depreciation expense was charged to functions of the District as follows:

Governmental Activities:	
Administration	$ 667
Regular Instruction	448,787
Vocational Education Instruction	2,107
Special Education Instruction	3,905
Instructional Support Services	7,646
Pupil Support Services	101,527
Sites and Buildings	98,278
Food Service	6,109
Total Depreciation Expense, Governmental Activities	$ 669,026

NOTE 4 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitation imposed by Minnesota law.

Issue Date	Interest Rate	Original Issue	Maturities	Principal Outstanding Due Within One Year	Principal Outstanding Total
2/22/2017	2.00%-3.50%	$ 3,380,000	2/1/2038	$ 360,000	$ 360,000
12/19/2019	5.00%	1,560,000	2/1/2025	35,000	3,185,000
Total General Obligation Bonds				395,000	3,545,000
Bond Premiums				21,988	85,492
Compensated Absences Payable				-	151,440
Total				$ 416,988	$ 3,781,932

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including compensated absences payable are as follows:

Year Ending June 30,	General Obligation Alternative Facilities Principal	General Obligation Alternative Facilities Interest	General Obligation Facilities Maintenance Principal	General Obligation Facilities Maintenance Interest
2025	$ 360,000	$ 18,000	$ 35,000	$ 100,175
2026	-	-	215,000	99,475
2027	-	-	220,000	93,025
2028	-	-	230,000	86,425
2029	-	-	240,000	79,525
2030-2034	-	-	1,250,000	286,325
2035-2038	-	-	995,000	88,550
Total	$ 360,000	$ 18,000	$ 3,185,000	$ 833,500

C. Description of Long-Term Liabilities

General Obligation Facilities Maintenance Bonds, Series 2017A

On February 22, 2017, the District issued $3,380,000 of General Obligation Facilities Maintenance Bonds, Series 2017A at interest rates of 2.00% to 3.50%. The bonds are due in varying annual installments each February 1 through February 1, 2038, with interest due semi-annually on February 1 and August 1.

The proceeds of this issue were used to finance the betterment of school facilities in the District. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

General Obligation Facilities Refunding Maintenance Bonds, Series 2019A

On December 19, 2019, the District issued $1,560,000 of General Obligation Facilities Refunding Maintenance Bonds, Series 2019A at interest rates of 5.00%. The bonds are due in varying annual installments each February 1 through February 1, 2025, with interest due semi-annually on February 1 and August 1.

Compensated Absences Payable

The amount of the estimated obligation at June 30, 2024, is $151,440. The District's General Fund finances compensated absences on a pay-as-you-go basis.

D. Changes in Long-Term Liabilities

	June 30, 2023	Additions	Retirements	June 30, 2024
General Obligation Bonds	$ 3,915,000	$ -	$ 370,000	$ 3,545,000
Bond Premium	119,929	-	34,437	85,492
Compensated Absences Payable	152,791	18,981	20,332	151,440
Total	$ 4,187,720	$ 18,981	$ 424,769	$ 3,781,932

NOTE 5 RESTRICTED FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the restricted fund balances for the governmental funds.

A. Restricted for Student Activities

In accordance with state statute, restricted for student activities represents available resources dedicated exclusively for student activities.

B. Restricted for Scholarships

In accordance with state statute, restricted for scholarships represents available resources dedicated exclusively for scholarships.

C. Restricted for Basic Skills

This restricted fund balance represents accumulated resources available through a portion of the District's general education aid for basic skills programs.

D. Restricted for Operating Capital

This restricted fund balance represents accumulated resources available through a portion of the District's general education aid for operating capital expenditures.

E. Restricted for Long-Term Facilities Maintenance (LTFM)

This restricted fund balance represents accumulated resources available to support long-term facilities maintenance projects.

NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

F. Restricted for Medical Assistance

This restricted fund balance represents accumulated resources available to provide medical assistance.

G. Restricted for Early Childhood and Family Education Programs

This restricted fund balance represents accumulated resources available to provide services for early childhood and family education programming.

H. Restricted for Basic Skills Extended Time

This restricted fund balance represents accumulated resources available through a portion of the District's general education aid for basic skills extended time programs.

I. Restricted for Other Purposes

Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation and includes amounts for food service of $221,568, community service of $14,784, capital projects of $32,703, and debt service of $86,164.

NOTE 6 DEFINED BENEFIT PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Plan (GERF)

   GERF covers certain full-time and certain part-time employees of the District, other than teachers. General Employees Retirement Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Fund (TRA)

   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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A Plan Description (Continued)

2. Teachers Retirement Fund (TRA) (Continued)

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

B. Benefits Provided

PERA and TRA provide 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% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

2. TRA Benefits

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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years are up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years are up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years are July 1, 2006 or After	1.9% per Year

With these provisions:

(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) 3.0% per year early retirement reduction factor for all years under normal retirement age.

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

or

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

Tier II Benefits

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

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits (Continued)

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

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

C. Contributions

1. General Employees Plan 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% of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50% for Coordinated Plan members. The District’s contributions to the General Employees Retirement Fund for the year ended June 30, 2024, were $85,255. The District’s contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 contribution rates for the fiscal year for the coordinated plan were 7.75% for the employee and 8.55% for the employer. Basic plan rates were 11.00% for the employee and 12.55% for the employer. The District’s contributions to TRA for the plan’s fiscal year ended June 30, 2024, were $360,476. The District’s contributions were equal to the required contributions for each year as set by state statute.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At June 30, 2024, the District reported a liability of $928,253 for its proportionate share of the General Employees Plan's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District was $25,652. 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 District's 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 from all of PERA's participating employers. The District proportionate share was .0166% at the end of the measurement period and .0193% for the beginning of the period.

District's Proportionate Share of the Net Pension Liability	$ 928,253
State of Minnesota's Proportionate Share of the Net Liability Associated with the District	25,652
Total	$ 953,905

For the year ended June 30, 2024, the District recognized pension expense of $82,298 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional $115 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's pension expense for the annual of $16 million contribution.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

At June 30, 2024, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 30,484	$ 6,395
Changes in Actuarial Assumptions	150,271	254,426
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	34,713
Changes in Proportion	33,668	122,328
District Contributions Subsequent to the Measurement Date	85,255	-
Total	$ 299,678	$ 417,862

The $85,255 related to the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amounts
2025	$ 8,749
2026	(172,948)
2027	(19,103)
2028	(20,137)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of $5,242,702 for its proportionate share of TRA's 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. The District's proportionate share was .0635% at the end of the measurement period and .0704% for the beginning of the measurement period.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

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

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	$ 5,242,702
State's Proportionate Share of the Net Pension Liability Associated with the District	367,244
Total	$ 5,609,946

For the year ended June 30, 2024, the District recognized pension expense of $(245,391). It also recognized a $(36,304) decrease to pension expense and grant revenue for the support provided by direct aid.

At June 30, 2024, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 51,972	$ 76,364
Changes in Actuarial Assumptions	610,747	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	19,445
Changes in Proportion	138,595	477,926
District Contributions Subsequent to the Measurement Date	360,476	-
Total	$ 1,161,790	$ 573,735

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

Of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, $360,476 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amounts
2025	$ 10,854
2026	(65,743)
2027	535,050
2028	(149,288)
2029	(103,294)

3. Aggregate Pension Costs

At June 30, 2024, the District reported the following aggregate amounts related to pensions for all plans to which it contributes.

	GERF	TRA	Total
Net Pension Liability	$ 928,253	$ 5,242,702	$ 6,170,955
Deferred Outflows of Resources	299,678	1,161,790	1,461,468
Deferred Inflows of Resources	417,862	573,735	991,597
Pension Expense (Revenue)	82,413	(281,695)	(199,282)

E. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation:	2.25% per Year	2.50%
Active Member Payroll Growth:	10.25% after one year of service to 3.00% after 27 years of service	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25%, after June 30, 2028
Investment Rate of Return:	7.00% per Year	7.00%

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

PERA salary growth assumptions were based on a service-related table. PERA mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on Pub-2010 General Employee Mortality table. The tables are adjusted slightly to fit PERA's experience. PERA benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan. The assumption for long-term rate of return on pension plan investments is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

TRA pre-retirement mortality rates were based on 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. Post-retirement mortality rates were based on 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. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the PERA General Employees Plan was completed in 2022. The assumption changes were adopted and became effective with July 1, 2023, actuarial valuation.

The following changes in actuarial assumptions for PERA occurred in 2024:

- The investment return and single discount rates were changed from 6.50% to 7.00%.

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, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Long-Term Expected Return on Investment

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

Asset Class	PERA Target Allocation	TRA Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5 %	33.5 %	5.10 %
International Equity	16.5	16.5	5.30
Private Markets	25.0	25.0	5.90
Fixed Income	25.0	25.0	0.75
Totals	100.0 %	100.0 %	

G. Discount Rate

The discount rate used to measure the total GERF pension liability in 2023 was 7.00% (6.50% at the previous measurement date). The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total TRA pension liability was 7.00%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 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).

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Plan Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the General Employees Plan Net Pension Liability	$ 1,642,155	$ 928,253	$ 341,042
TRA Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	$ 8,361,724	$ 5,242,702	$ 2,689,403

I. Pension Plan Fiduciary Net Position

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

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

NOTE 7 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The amount of pension expense recognized by the employer in the reporting period ended June 30, 2024 and 2023, was $52,044 and $50,163, respectively.

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses. There are 99 active participants and five retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52, *Postemployment Benefits Other than Pensions—Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit.* Therefore, the District reports a "total OPEB liability" in accordance with GASB Statement No. 75.

B. Benefits Provided

Teachers who are at least 55 years of age upon retirement and have been employed by the District for a minimum of three years and retire prior July 1, 2017 are eligible to remain on the District's health insurance until reaching age 65. The District will pay the health insurance premiums up to a maximum of $3,600 per year.

C. Actuarial Methods and Assumptions

The District's total OPEB liability was measured as of July 1, 2023, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless specified otherwise:

Inflation:	2.50% (2.00% at the previous measurement date)
Salary Increases:	3.00%
Healthcare Cost Trend Rates:	6.50% Decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Scale (MP-2020 Generational Improvement Scale at the prior measurement date).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.90% (3.80% at the previous measurement date). The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at July 1, 2024	$ 331,672
Changes for the Year:	
Service Cost	26,199
Interest	12,913
Assumption Changes	5,522
Differences between Expected and Actual Experience	10,558
Benefit Payments	(36,468)
Net Changes	18,724
Balances at June 30, 2024	$ 350,396

E. Total OPEB Liability Sensitivity

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

	1% Decrease 2.90%	Selected Discount Rate 3.90%	1% Increase 4.90%
Total OPEB Liability	$ 371,211	$ 350,396	$ 330,281

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

	1% Decrease (5.50% Decreasing to 4.0% Over 5 Years)	Selected Healthcare Trend Rate (6.5% Decreasing to 5.0% Over 5 Years)	1% Increase (7.50% Decreasing 6.0% Over 5 Years)
Total OPEB Liability	$ 318,339	$ 350,396	$ 387,692

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

F. OPEB Expense

For the year ended June 30, 2024, the District recognized OPEB expense of $26,311. At June 30, 2024, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 11,682	$ 25,457
Changes in Assumptions	14,283	19,849
District Payment of Benefits Subsequent to the Measurement Date	34,840	-
Total	$ 60,805	$ 45,306

The District payment of benefits subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	OPEB Expense Amounts
2025	$ (12,799)
2026	(2,793)
2027	(4,573)
2028	(1,850)
2029	2,674

NOTE 9 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan that is classified as a “cafeteria plan” under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is from October 1 to September 30, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions for the health care portion of the plan, whether or not such contributions have been made.

NOTE 9 FLEXIBLE BENEFIT PLAN (CONTINUED)

Payments of health insurance premiums are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

NOTE 10 JOINTLY GOVERNED ORGANIZATION

The Hiawatha Valley Education District No. 61-6013 was established by an act of the 1987 Legislature of the state of Minnesota. The primary objective of the District is to provide, by a cooperative effort, comprehensive educational programs and other related services as can be effectively operated by its 13 member districts and four-member charter schools. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements and other charges for services. The education district is able to recover the cost of its programs through the previously mentioned revenue sources. The jointly governed organization’s financial statements are audited and available for inspection.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Federal and State Receivables

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

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

The District continues to carry commercial insurance for all other risks of loss. There has been no significant reduction in insurance coverage from the previous year in any of the District’s policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 984,253	$ 978,591	$ 973,313	$ (5,278)
Investment Income	45,095	63,766	67,163	3,397
Other	140,280	268,577	359,993	91,416
State Sources	7,097,964	6,657,128	7,000,704	343,576
Federal Sources	477,692	592,232	497,759	(94,473)
Total Revenues	8,745,284	8,560,294	8,898,932	338,638
EXPENDITURES				
Current:				
Administration	648,985	686,457	578,205	(108,252)
District Support Services	328,185	357,664	409,353	51,689
Elementary and Secondary				
Regular Instruction	3,584,148	3,202,334	3,785,159	582,825
Vocational Education Instruction	213,158	208,554	216,402	7,848
Special Education Instruction	1,318,349	1,516,813	1,523,680	6,867
Instructional Support Services	324,873	562,825	542,692	(20,133)
Pupil Support Services	930,258	1,108,336	755,251	(353,085)
Sites and Buildings	952,349	854,759	818,211	(36,548)
Fiscal and Other Fixed Cost Programs	92,600	98,300	84,714	(13,586)
Capital Outlay	365,600	410,776	289,645	(121,131)
Total Expenditures	8,758,505	9,006,818	9,003,312	(3,506)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,221)	(446,524)	(104,380)	342,144
OTHER FINANCING SOURCES				
Proceeds from Sales of Capital Asset Building	67,500	91,883	64,286	(27,597)
Proceeds from Sales of Capital Asset Equipment	1,000	1,000	725	(275)
Insurance Recovery	25,000	-	-	-
Total Other Financing Sources	93,500	92,883	65,011	(27,872)
NET CHANGES IN FUND BALANCE	$ 80,279	$ (353,641)	(39,369)	$ 314,272
FUND BALANCE:				
Beginning of Year			1,308,244	
End of Year			$ 1,268,875	

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Investment Income	$ 50	$ 50	$ 4,650	$ 4,600
Other - Primarily Meal Sales	120,500	85,500	100,771	15,271
State Sources	346,900	270,900	263,100	(7,800)
Federal Sources	240,000	256,146	265,045	8,899
Total Revenues	707,450	612,596	633,566	20,970
EXPENDITURES				
Current:				
Food Service	619,028	596,178	555,654	(40,524)
Capital Outlay	5,000	15,000	34,124	19,124
Total Expenditures	624,028	611,178	589,778	(21,400)
NET CHANGES IN FUND BALANCE	$ 83,422	$ 1,418	43,788	$ 42,370
FUND BALANCE:				
Beginning of Year			192,007	
End of Year			$ 235,795	

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 50,593	$ 50,606	$ 48,732	$ (1,874)
Investment Income	200	200	6,510	6,310
Other - Primarily Tuition and Fees	264,600	227,975	154,325	(73,650)
State Sources	86,452	127,347	82,685	(44,662)
Federal Sources	28,164	28,164	-	(28,164)
Total Revenues	430,009	434,292	292,252	(142,040)
EXPENDITURES				
Current:				
Community Service	434,118	430,824	390,460	(40,364)
Total Expenditures	434,118	430,824	390,460	(40,364)
NET CHANGES IN FUND BALANCE	$ (4,109)	$ 3,468	(98,208)	$ (101,676)
FUND BALANCE:				
Beginning of Year			142,809	
End of Year			$ 44,601	

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN MEASUREMENT PERIODS

	2024	2023	2022	2021	2020	2019	2018
Measurement Date	July 01, 2023	July 01, 2022	July 01, 2021	July 01, 2020	July 01, 2019	July 01, 2018	July 01, 2017
Total OPEB Liability							
Service Cost	$ 26,199	$ 26,270	$ 32,479	$ 28,187	$ 24,880	$ 27,310	$ 25,919
Interest	12,913	7,735	9,225	11,470	15,237	14,602	14,810
Assumption Changes	5,522	(27,186)	12,254	10,661	(10,330)	-	-
Difference Between Expected and Actual Experience	10,558	-	(28,572)	-	(67,046)	-	-
Net Investment Return	-	-	-	-	-	20,218	-
Benefit Payments	(36,468)	(34,205)	(36,233)	(44,096)	(44,295)	(37,789)	(58,521)
Net Change in Total OPEB Liability	18,724	(27,386)	(10,847)	6,222	(81,554)	24,341	(17,792)
Total OPEB Liability - Beginning of Year	331,672	359,058	369,905	363,683	445,237	420,896	438,688
Total OPEB Liability - End of Year	$ 350,396	$ 331,672	$ 359,058	$ 369,905	$ 363,683	$ 445,237	$ 420,896
District's Covered-Employee Payroll	$ 4,840,018	$ 5,135,763	$ 4,986,178	$ 4,713,207	$ 4,575,929	$ 4,762,932	$ 4,624,206
District's Total OPEB Liability as a Percentage of the Covered-Employee Payroll	7.24%	6.46%	7.20%	7.85%	7.95%	9.35%	9.10%

The District implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

No assets are accumulated in a trust.

See accompanying Notes to Required Supplementary Information.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
General Employees Plan										
District's Proportion of the Net Pension Liability	0.0166%	0.0193%	0.0188%	0.0175%	0.0202%	0.0214%	0.0218%	0.0225%	0.0231%	0.0246%
District's Proportionate Share of the Net Pension Liability	$ 928,253	$ 1,528,566	$ 802,844	$ 1,049,205	$ 1,116,812	$ 1,187,184	$ 1,391,698	$ 1,826,888	$ 1,197,162	$ 1,155,585
State's Proportionate Share of the Net Pension Liability Associated with the District	25,652	44,890	24,550	32,283	34,665	38,938	17,518	23,866	-	-
Total	$ 953,905	$ 1,573,456	$ 827,394	$ 1,081,488	$ 1,151,477	$ 1,226,122	$ 1,409,216	$ 1,850,754	$ 1,197,162	$ 1,155,585
District's Covered Payroll	$ 1,321,235	$ 1,446,722	$ 1,251,487	$ 1,205,519	$ 1,426,648	$ 1,435,466	$ 1,363,945	$ 1,363,945	$ 1,363,945	$ 1,363,945
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	70.26%	105.66%	64.15%	87.03%	78.28%	85.42%	103.32%	135.69%	87.77%	84.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%	78.70%
TRA										
District's Proportion of the Net Pension Liability	0.0635%	0.0704%	0.0699%	0.0686%	0.0676%	0.0682%	0.0701%	0.0717%	0.0712%	0.0736%
District's Proportionate Share of the Net Pension Liability	$ 5,242,702	$ 5,637,260	$ 3,059,033	$ 5,068,260	$ 4,308,838	$ 4,285,835	$ 13,993,232	$ 17,102,161	$ 4,404,424	$ 3,391,435
State's Proportionate Share of the Net Pension Liability Associated with the District	367,244	418,053	257,997	424,734	381,410	402,415	1,353,097	1,716,680	540,019	238,651
Total	$ 5,609,946	$ 6,055,313	$ 3,317,030	$ 5,492,994	$ 4,690,248	$ 4,688,250	$ 15,346,329	$ 18,818,841	$ 4,944,443	$ 3,630,086
District's Covered Payroll	$ 4,373,949	$ 3,982,152	$ 4,222,245	$ 3,987,520	$ 3,845,966	$ 3,781,245	$ 3,611,733	$ 3,611,733	$ 3,611,733	$ 3,611,733
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	119.86%	141.56%	72.45%	127.10%	112.04%	113.34%	387.44%	473.52%	121.95%	93.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.42%	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

See accompanying Notes to Required Supplementary Information.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Employees Plan										
Contractually Required Contribution	$ 85,255	$ 99,093	$ 108,505	$ 97,396	$ 93,654	$ 107,000	$ 107,558	$ 104,672	$ 104,617	$ 101,056
Contributions in Relation to the Contractually Required Contribution	(85,255)	(99,093)	(108,505)	(97,396)	(93,654)	(107,000)	(107,558)	(104,672)	(104,617)	(101,056)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,136,735	$ 1,321,235	$ 1,446,722	$ 1,251,487	$ 1,205,519	$ 1,426,648	$ 1,435,466	$ 1,397,786	$ 1,397,274	$ 1,363,945
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.78%	7.77%	7.50%	7.49%	7.49%	7.49%	7.41%
TRA										
Contractually Required Contribution	$ 360,476	$ 341,630	$ 366,108	$ 344,712	$ 318,042	$ 297,669	$ 284,260	$ 281,805	$ 281,792	$ 272,132
Contributions in Relation to the Contractually Required Contribution	(360,476)	(341,630)	(366,108)	(344,712)	(318,042)	(297,669)	(284,260)	(281,805)	(281,792)	(272,132)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 4,119,718	$ 3,982,152	$ 4,373,949	$ 4,222,245	$ 3,987,520	$ 3,845,966	$ 3,781,245	$ 3,755,424	$ 3,730,368	$ 3,611,733
Contributions as a Percentage of Covered Payroll	8.75%	8.58%	8.37%	8.16%	7.98%	7.74%	7.52%	7.50%	7.55%	7.53%

See accompanying Notes to Required Supplementary Information.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the years ended June 30:

2023

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 6.50% to 7.00%, for financial reporting purposes.

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% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions

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

2021

Changes in Actuarial Assumptions

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

2020

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.
- 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.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

- 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 accordingly.

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased 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.

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% 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 in Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

Changes in Plan Provisions

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

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016 (Continued)

Changes in Actuarial Assumptions (Continued)

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

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

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the years ended June 30:

2023

Changes in Actuarial Assumptions

There were no changes in actuarial assumptions for financial reporting purposes.

2022

Changes in Actuarial Assumptions

There were no changes in actuarial assumptions for financial reporting purposes.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 7.00%, for financial reporting purposes.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January to 1.0%, effective January 2019. Beginning January 1, 2024, the COLA will increase .01% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for first COLA changes to normal retirement age (age 65 to 66, 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 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next two years (8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.5% to 7.75% on July 1, 2023. The state provides funding for the contribution rate through an adjustment in the school aid formula.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

Changes in Plan Provisions

- 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 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next four years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at 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 postretirement mortality assumption was changed to the RP-2014 while 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 adjustments.
- 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 forms of payment at retirement were made.

2015

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of $14.377 million until the System becomes fully funded.

2014

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.
- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

The following changes were reflected in the valuation performed on behalf of the District's other postemployment benefits plan for the years ended June 30:

2023

Changes in Actuarial Assumptions

- The discount rate was changed from 3.80% to 3.90%.
- The mortality tables were updated from Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

2022

Changes in Actuarial Assumptions

- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.10% to 3.80%.

2021

Changes in Actuarial Assumptions

- The mortality tables were updated from Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The inflation rate was changed from 2.5% to 2.00%.
- The discount rate was changed from 2.40% to 2.10%.

2020

Changes in Actuarial Assumptions

- The discount rate was changed from 3.10% to 2.40%.

2019

Changes in Actuarial Assumptions

- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.40% to 3.10%.

2018

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions.

SINGLE AUDIT AND OTHER REQUIRED REPORTS

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture					
Pass-Through Minnesota Department of Education					
Child Nutrition Cluster:					
Noncash Assistance (Commodities):					
National School Lunch Program	10.555	1-857-0000	$ 46,308		$ -
Cash Assistance:					
National School Lunch Program	10.555	1-857-0000	159,264		-
Supply Chain Assistance	10.555	1-857-0000	20,146		-
Subtotal Assistance Listing No. 10.555			225,718		-
School Breakfast Program	10.553	1-857-0000	38,674		-
Total Child Nutrition Cluster				$ 264,392	
Pandemic Electronic Benefit Transfer Program	10.649	**		653	-
Total U.S. Department of Agriculture				265,045	
U.S. Department of Education					
Pass-Through Minnesota Department of Education					
Cash Assistance:					
Special Education Cluster:					
Special Education - Preschool Grants	84.173	H173A180086	4,500		-
Special Education - Grants to States	84.027	H027A190087	3,819		-
Total Special Education Cluster				8,319	
Title I, Part A - Grants to Local Educational Agencies	84.010	S010A220023A		166,411	-
Title II, Part A - Supporting Effective Instruction State Grant	84.367	S367A220022		24,200	-
Title IV, Part A - Safe and Drug-Free Schools and Communities	84.424	S424A220024		19,595	-
Carl Perkins Vocational Education Basic Grants to States	84.048	**		6,203	-
Special Education Grants for Infants and Families	84.181	**		2,500	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund III	84.425U	S425D210045	115,592		-
COVID-19 - Elementary and Secondary School Emergency Relief Fund III Learning Loss	84.425D	S425D210045	157,439		-
Total Assistance Listing No. 84.425				273,031	
Total Expenditures of Federal Awards				$ 765,304	$ -

** Not Available

See accompanying Notes to Schedule of Expenditures of Federal Awards.

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lewiston-Altura Public Schools (the District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITORS' 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*

Board of Education
Independent School District No. 857
Lewiston, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Lewiston-Altura Public Schools Independent School District No. 857 (the District), 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, and have issued our report thereon dated October 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Lewiston-Altura Public Schools Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
October 18, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Independent School District No. 857
Lewiston, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lewiston-Altura Public Schools Independent School District No. 857's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
October 18, 2024

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Independent School District No. 857
Lewiston, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Lewiston-Altura Public Schools Independent School District No. 857 (the District) as of June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting-bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide,* promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters. 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, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
October 18, 2024

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? __X__ yes ____ no
   - Significant deficiency(ies) identified? ____ yes __X__ none reported
3. Noncompliance material to financial statements noted? ____ yes __X__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____ yes __X__ no
   - Significant deficiency(ies) identified? ____ yes __X__ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes __X__ no

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.425	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee ____ yes __X__ no

Section II – Financial Statement Findings

2024-001 **ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The District engages the audit firm to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, the audit firm cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, the District has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate.

Criteria or Specific Requirement: The District and management share the ultimate responsibility for the District's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

Effect: The potential exists that a material disclosure could be omitted from the financial statements and not be prevented, or detected and corrected by the District's internal controls.

Cause: The District's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the District's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

Repeat Finding: The finding is a repeat finding in the immediately prior year. Prior year finding number was 2023-001.

Recommendation: We recommend that the District continue to evaluate their internal staff and expertise to determine if further controls over annual financial reporting are beneficial.

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the finding. Management has determined that they will continue to engage the audit firm to prepare the financial statements and related footnote disclosures, and will review and approve these prior to the issuance of the financial statements.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with the 2 CFR 200.516(a).

Section IV – Findings and Questioned Costs – Minnesota Legal Compliance

Our audit did not disclose any matters required to be reported in accordance with the *Minnesota Legal Compliance Audit Guide for School Districts.*

LEWISTON-ALTURA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 857
UNIFORM FINANCIAL ACCOUNTING AND REPORTING
STANDARDS COMPLIANCE TABLE
JUNE 30, 2024

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	$ 8,898,932	$ 8,898,929	$ 3
Total Expenditures	$ 9,003,312	$ 9,003,306	$ 6
Nonspendable:			
460 Nonspendable Fund Balance	$ 45,715	$ 45,715	$ -
Restricted/Reserved:			
401 Student Activities	$ 136,959	$ 136,958	$ 1
402 Scholarships	$ 91,753	$ 91,753	$ -
403 Staff Development	$ -	$ -	$ -
406 Health and Safety	$ -	$ -	$ -
407 Capital Projects Levy	$ -	$ -	$ -
408 Cooperative Revenue	$ -	$ -	$ -
413 Project Funded by COP	$ -	$ -	$ -
414 Operating Debt	$ -	$ -	$ -
416 Levy Reduction	$ -	$ -	$ -
417 Taconite Building Maint	$ -	$ -	$ -
424 Operating Capital	$ 141,227	$ 141,227	$ -
426 $25 Taconite	$ -	$ -	$ -
427 Disabled Accessibility	$ -	$ -	$ -
428 Learning & Development	$ -	$ -	$ -
434 Area Learning Center	$ -	$ -	$ -
435 Contracted Alt. Programs	$ -	$ -	$ -
436 State Approved Alt. Programs	$ -	$ -	$ -
438 Gifted & Talented	$ -	$ -	$ -
440 Teacher Development and Evaluation	$ -	$ -	$ -
441 Basic Skills Programs	$ 89,583	$ 89,583	$ -
445 Career Tech Programs	$ -	$ -	$ -
448 Achievement and Integration	$ -	$ -	$ -
449 Safe School Crime - Crime Levy	$ -	$ -	$ -
450 Pre-Kindergarten	$ -	$ -	$ -
451 QZAB Payments	$ -	$ -	$ -
452 OPEB Liab Not in Trust	$ -	$ -	$ -
453 Unfunded Sev & Retiremt Levy	$ -	$ -	$ -
459 Basic Skills Extended Time	$ 373	$ 373	$ -
467 LTFM	$ 333,417	$ 333,417	$ -
472 Medical Assistance	$ 51,979	$ 51,979	$ -
Restricted:			
464 Restricted Fund Balance	$ -	$ -	$ -
475 Title VII Impact Aid	$ -	$ -	$ -
476 Payments in Lieu of Taxes	$ -	$ -	$ -
Committed:			
418 Committed for Separation	$ -	$ -	$ -
461 Committed Fund Balance	$ -	$ -	$ -
Assigned:			
462 Assigned Fund Balance	$ -	$ -	$ -
Unassigned:			
422 Unassigned Fund Balance	$ 377,869	$ 377,871	$ (2)
02 FOOD SERVICES			
Total Revenue	$ 633,566	$ 633,565	$ 1
Total Expenditures	$ 589,778	$ 589,776	$ 2
Nonspendable:			
460 Nonspendable Fund Balance	$ 14,227	$ 14,227	$ -
Restricted/Reserved:			
452 OPEB Liab Not in Trust	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 221,568	$ 221,568	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
04 COMMUNITY SERVICE			
Total Revenue	$ 292,252	$ 292,255	$ (3)
Total Expenditures	$ 390,460	$ 390,463	$ (3)
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted/Reserved:			
426 $25 Taconite	$ -	$ -	$ -
431 Community Education	$ (1,013)	$ (1,013)	$ -
432 E.C.F.E.	$ 30,830	$ 30,830	$ -
440 Teacher Development and Evaluation	$ -	$ -	$ -
444 School Readiness	$ -	$ -	$ -
447 Adult Basic Education	$ -	$ -	$ -
452 OPEB Liab Not in Trust	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 14,784	$ 14,785	$ (1)
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	$ 19,531	$ 19,531	$ -
Total Expenditures	$ -	$ -	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted/Reserved:			
407 Capital Projects Levy	$ -	$ -	$ -
413 Project Funded by COP	$ -	$ -	$ -
467 LTFM	$ 357,001	$ 357,001	$ -
Restricted:			
464 Restricted Fund Balance	$ 32,703	$ 32,703	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
07 DEBT SERVICE			
Total Revenue	$ 567,271	$ 567,270	$ 1
Total Expenditures	$ 507,425	$ 507,425	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted/Reserved:			
425 Bond Refunding	$ -	$ -	$ -
433 Maximum Effort Loan Aid	$ -	$ -	$ -
451 QZAB Payments	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 86,164	$ 86,164	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
18 Custodial			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Unassigned Fund Balance (Net Assets)	$ -	$ -	$ -
20 INTERNAL SERVICE			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Unassigned Fund Balance (Net Assets)	$ -	$ -	$ -
25 OPEB REVOCABLE TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Unassigned Fund Balance (Net Assets)	$ -	$ -	$ -
45 OPEB IRREVOCABLE TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
422 Unassigned Fund Balance (Net Assets)	$ -	$ -	$ -
47 OPEB DEBT SERVICE			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted:			
425 Bond Refundings	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300 telephone
(612) 337-9310 fax
www.kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

$________
INDEPENDENT SCHOOL DISTRICT NO. 857
(LEWISTON-ALTURA PUBLIC SCHOOLS)
WINONA COUNTY, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2025A

We have acted as bond counsel to Independent School District No. 857 (Lewiston-Altura Public Schools), Winona County, Minnesota (the "Issuer"), in connection with the issuance by the Issuer of its General Obligation School Building Bonds, Series 2025A (the "Bonds"), originally dated February ___, 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 December 9, 2024, 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)

$19,950,000
INDEPENDENT SCHOOL DISTRICT NO. 857
(LEWISTON-ALTURA PUBLIC SCHOOLS)
WINONA COUNTY, 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. 857 (Lewiston-Altura Public Schools), Winona County, 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 $19,950,000. 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 $19,950,000.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

"District" means Independent School District No. 857 (Lewiston-Altura Public Schools), Winona County, 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, Washington, 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. <u>Provision of Annual Financial Information and Audited Financial Statements</u>.

(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. 857
(LEWISTON-ALTURA PUBLIC SCHOOLS),
WINONA COUNTY, MINNESOTA

____
Board Chair

____
Clerk

APPENDIX E

TERMS OF PROPOSAL

$19,950,000* GENERAL OBLIGATION SCHOOL BUILDING BOND, SERIES 2025A
INDEPENDENT SCHOOL DISTRICT NO. 857
(LEWISTON-ALTURA PUBLIC SCHOOLS), MINNESOTA

Proposals for the purchase of $19,950,000* General Obligation School Building Bond, Series 2025A (the "Bonds") of Independent School District No. 857 (Lewiston-Altura 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 January 13, 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 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 5, 2024, 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 February 6, 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	$575,000	2033	$775,000	2040	$1,340,000
2027	530,000	2034	820,000	2041	1,395,000
2028	560,000	2035	860,000	2042	1,460,000
2029	640,000	2036	900,000	2043	1,525,000
2030	670,000	2037	935,000	2044	1,595,000
2031	705,000	2038	975,000	2045	1,670,000
2032	745,000	2039	1,275,000		

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 August 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 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.

The Bonds maturing on and after February 1, 2034 are be subject to redemption and prepayment at the option of the District, in whole or in part, in such order as the District shall determine and within a maturity by lot as selected by the Registrar in multiples of $5,000, on February 1, 2033, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

DELIVERY

On or about February 6, 2025, 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 $19,950,000 plus accrued interest on the principal sum of $19,950,000 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 submission.

A good faith deposit ("Deposit") in the amount of $399,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. The Deposit will be deducted from the purchase price at the closing for the Bonds.

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.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

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, the form of 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 (5^{th}) 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 (5^{th}) 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-offering-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) <u>If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test</u>, 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 of the Bonds (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. 857
(Lewiston-Altura Public Schools), Minnesota

PROPOSAL FORM

The School Board **January 13, 2025**
Independent School District No. 857 (Lewiston-Altura Public Schools), Minnesota (the "District")

RE: **$19,950,000* General Obligation School Building Bond, Series 2025A (the "Bonds")**
DATED: **February 6, 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 $19,950,000) 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	2033	________	% due	2040
________	% due	2027	________	% due	2034	________	% due	2041
________	% due	2028	________	% due	2035	________	% due	2042
________	% due	2029	________	% due	2036	________	% due	2043
________	% due	2030	________	% due	2037	________	% due	2044
________	% due	2031	________	% due	2038	________	% due	2045
________	% due	2032	________	% due	2039			

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 $399,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. The Deposit will be deducted from the purchase price at the closing for the Bonds. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about February 6, 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 February 6, 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. 857 (Lewiston-Altura Public Schools), Minnesota, on January 13, 2025.

By: ______________________________ By: ______________________________

Title: ______________________________ Title: ______________________________