PRELIMINARY OFFICIAL STATEMENT DATED MAY 8, 2025

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

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX CONSIDERATIONS" herein.

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

INDEPENDENT SCHOOL DISTRICT NO. 252
(CANNON FALLS AREA SCHOOLS), MINNESOTA
(Goodhue and Dakota Counties)

(Minnesota School District Credit Enhancement Program)

$775,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2025A

PROPOSAL OPENING: May 19, 2025, 9:30 A.M., C.T. **CONSIDERATION**: May 19, 2025, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $775,000* General Obligation Facilities Maintenance Bonds, Series 2025A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Section 123B.595, as amended, by Independent School District No. 252 (Cannon Falls Area Schools), Minnesota (the "District"), to provide funds for deferred capital maintenance projects, as described in the District's revised ten-year facility plan approved by the Commissioner of Education. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: June 10, 2025

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2027	$60,000	2031	$75,000	2035	$90,000
2028	65,000	2032	80,000	2036	95,000
2029	65,000	2033	85,000		
2030	70,000	2034	90,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2026 and semiannually thereafter.

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

MINIMUM PROPOSAL: $775,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $15,500 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Dorsey & Whitney LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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CANNON FALLS AREA SCHOOLS
SCHOOL BOARD

		Term Expires
Clinton Sjoquist	Board Chair	January 2027
Luke Winchell	Vice Chair/Treasurer	January 2027
JoLyn Williams	Clerk	January 2029
Rondi Sjoblom	Member	January 2029
Jodi Strain	Member	January 2027
Pete Swenson	Member	January 2029

ADMINISTRATION

Jeff Sampson, Superintendent of Schools

Josh Davisson, Business Manager

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 252 (Cannon Falls Area Schools), Minnesota (the "District") and the issuance of its $775,000* General Obligation Facilities Maintenance Bonds, Series 2025A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on May 19, 2025.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of June 10, 2025. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2026, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). 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

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

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Section 123B.595, as amended, by the District, to provide funds for deferred capital maintenance projects, as described in the District's revised ten-year facility plan approved by the Commissioner of Education.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	$775,000	
Reoffering Premium	14,011	
Transfer from Long Term Facilities Maintenance Rev	21,621	
Total Sources		**$810,632**
Uses		
Total Underwriter's Discount (2.000%)	$15,500	
Costs of Issuance	43,120	
Capitalized Interest	21,621	
Deposit to Construction Fund	730,391	
Total Uses		**$810,632**

*Preliminary, subject to change.

SECURITY

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

RATING

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

The District currently has an "A2" underlying rating from Moody's, however, it will not be requesting an underlying rating on this issue. *A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the District.*

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on March 24, 2025 and the Award Resolution (collectively, the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

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

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

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

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

In its Official Statement dated 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

The Bonds are issued in an aggregate principal amount of less than $1,000,000, therefore, the Bonds will be exempt from the continuing disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission.

LEGAL OPINION

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

TAX CONSIDERATIONS

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

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

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

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

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

Tax Exempt Interest

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

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of the Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of the Bond proceeds and other amounts. The District has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

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

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

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

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

Market Discount

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

Bond Premium

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

Related Tax Considerations

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

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

The Bonds are "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

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

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

Sale or Other Disposition

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

Information Reporting and Backup Withholding

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

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

RISK FACTORS

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

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

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State 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 bond resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

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

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

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

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

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

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

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

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

VALUATIONS

OVERVIEW

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

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

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

Type of Property	2022/23	2023/24	2024/25
Residential homestead[1]	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%
Agricultural homestead[1]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,890,000 - 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]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $3,500,000 - 0.50% [2] Over $3,500,000 - 1.00% [2]
Agricultural non-homestead	Land - 1.00% [2]	Land - 1.00% [2]	Land - 1.00% [2]
Seasonal recreational residential	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]
Residential non-homestead:	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City[4] - 1.25% Affordable Rental: First $174,000 - .75% Over $174,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $100,000 - .75% Over $100,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental - .25%
Industrial/Commercial/Utility[5]	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%

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

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

3 Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2023/24 Economic Market Value[1] $1,694,493,789[2]

2024/25 Assessor's Estimated Market Value

	Goodhue County	Dakota County	Total
Real Estate	$1,807,852,400	$99,694,200	$1,907,546,600
Personal Property	20,844,500	1,591,100	22,435,600
Total Valuation	$1,828,696,900	$101,285,300	$1,929,982,200

2024/25 Net Tax Capacity

	Goodhue County	Dakota County	Total
Real Estate	$16,243,413	$808,586	$17,051,999
Personal Property	413,074	31,822	444,896
Net Tax Capacity	$16,656,487	$840,408	$17,496,895
Less:			
Captured Tax Increment Tax Capacity[3]	(106,220)	0	(106,220)
Power Line Adjustment[4]	(28,441)	0	
Fiscal Disparities Contribution[5]	0	(32,456)	(32,456)
Taxable Net Tax Capacity	$16,521,826	$807,952	$17,358,219
Plus: Fiscal Disparities Distribution[5]	0	15,600	15,600
Adjusted Taxable Net Tax Capacity	$16,521,826	$823,552	$17,373,819

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1 Most recent value available from Minnesota Department of Revenue.

2 According to the Minnesota Department of Revenue, the 2023/24 Assessor's Estimated Market Value (the "AEMV") for the District was about 98.96% of the actual selling prices of property sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in a 2023/24 Economic Market Value ("EMV") for the District of $1,694,493,789.

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

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

5 Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base since 1972 to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2024/25 NET TAX CAPACITY BY CLASSIFICATION

	2024/25 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$7,900,824	45.16%
Agricultural	5,057,815	28.91%
Commercial/industrial	2,627,815	15.02%
Public utility	130,876	0.75%
Railroad operating property	13,148	0.08%
Non-homestead residential	1,281,654	7.33%
Commercial & residential seasonal/rec.	39,867	0.23%
Personal property	444,896	2.54%
Total	$17,496,895	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2020/21	$1,291,161,100	$1,249,374,997	$12,575,266	$12,488,658	6.31%
2021/22	1,339,757,000	1,337,930,425	13,089,718	12,982,703	3.76%
2022/23	1,535,326,800	1,502,389,978	15,270,205	15,166,688	14.60%
2023/24	1,802,114,900	1,649,549,007	16,650,518	16,508,758	17.38%
2024/25	1,929,982,200	1,754,022,994	17,496,895	17,329,778	7.10%

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

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

LARGER TAXPAYERS

Taxpayer	Type of Property	2024/25 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Xcel Energy	Utility	$250,752	1.43%
Hernke's Farm Land Inc.	Agricultural	217,637	1.24%
Gemini Inc.	Industrial	196,380	1.12%
Sterling Office & Industrial	Industrial	138,180	0.79%
Cannon Falls AL Realty LLC	Apartments	134,494	0.77%
BFD of Cannon Falls LLC	Industrial	105,150	0.60%
Mayo Clinic Health System of Cannon Falls	Commercial	101,634	0.58%
S MN Municipal Power Agency	Utility	97,296	0.56%
Invenergy Cannon Falls LLC	Commercial	90,764	0.52%
Cannon MN 20 LLC	Industrial	72,126	0.41%
Total		$1,404,413	8.03%

District's Total 2024/25 Net Tax Capacity $17,496,895

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)* $21,500,000

DEBT PAYMENT HISTORY

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

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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.

FUTURE FINANCING

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

STATE AID FOR DEBT SERVICE

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

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

In addition to debt service equalization aid, some school districts will qualify for state Long Term Facilities Maintenance Aid to finance a portion of the payments on Alternative Facilities Bonds and Facilities Maintenance Bonds, pursuant to the Long Term Facilities Maintenance Revenue program approved by the State in 2015. If any aid is received, it is deposited into the 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 15.16% 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:

2024/25 Assessor's Estimated Market Value	$1,929,982,200
Multiply by 15%	0.15
Statutory Debt Limit	$289,497,330
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(21,500,000)
Unused Debt Limit*	$267,997,330

*Preliminary, subject to change.

Independent School District No. 252 (Cannon Falls Area Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/10/2025)

	Capital Facilities Bonds Series 2015A		Facilities Maintenance Bonds Series 2016A		School Building Refunding Bonds Series 2017A		School Building Refunding Bonds Series 2017B		School Building Bonds Series 2022A	
Dated	12/01/2015		02/17/2016		04/06/2017		11/15/2017		05/05/2022	
Amount	$2,990,000		$8,305,000		$6,570,000		$6,245,000		$7,985,000	
Maturity	12/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2026	205,000	34,125	145,000	191,075	710,000	65,850	660,000	82,400	110,000	238,905
2027	215,000	28,875	35,000	186,725	730,000	44,550	685,000	56,000	155,000	234,505
2028	220,000	23,163	35,000	185,850	755,000	22,650	715,000	28,600	155,000	228,305
2029	225,000	17,044	1,645,000	184,975					75,000	222,105
2030	230,000	10,500	1,750,000	143,850					0	219,105
2031	235,000	3,525	1,795,000	100,100					0	219,105
2032			1,845,000	50,738					0	219,105
2033									805,000	219,105
2034									860,000	194,955
2035									890,000	169,155
2036									915,000	142,455
2037									940,000	117,750
2038									965,000	89,550
2039									995,000	60,600
2040									1,025,000	30,750
	1,330,000	117,231	7,250,000	1,043,313	2,195,000	133,050	2,060,000	167,000	7,890,000	2,605,455

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Independent School District No. 252 (Cannon Falls Area Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 06/10/2025)

	Facilities Maintenance Bonds Series 2025A								
Dated	06/10/2025								
Amount	$775,000*								
Maturity	02/01								
Fiscal Year Ending	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2026	0	21,621	1,830,000	633,976	2,463,976	19,670,000	8.51%	**2026**
2027	60,000	33,695	1,880,000	584,350	2,464,350	17,790,000	17.26%	**2027**
2028	65,000	30,695	1,945,000	519,263	2,464,263	15,845,000	26.30%	**2028**
2029	65,000	27,445	2,010,000	451,569	2,461,569	13,835,000	35.65%	**2029**
2030	70,000	24,195	2,050,000	397,650	2,447,650	11,785,000	45.19%	**2030**
2031	75,000	20,695	2,105,000	343,425	2,448,425	9,680,000	54.98%	**2031**
2032	80,000	17,695	1,925,000	287,538	2,212,538	7,755,000	63.93%	**2032**
2033	85,000	14,495	890,000	233,600	1,123,600	6,865,000	68.07%	**2033**
2034	90,000	11,095	950,000	206,050	1,156,050	5,915,000	72.49%	**2034**
2035	90,000	7,495	980,000	176,650	1,156,650	4,935,000	77.05%	**2035**
2036	95,000	3,895	1,010,000	146,350	1,156,350	3,925,000	81.74%	**2036**
2037			940,000	117,750	1,057,750	2,985,000	86.12%	**2037**
2038			965,000	89,550	1,054,550	2,020,000	90.60%	**2038**
2039			995,000	60,600	1,055,600	1,025,000	95.23%	**2039**
2040			1,025,000	30,750	1,055,750	0	100.00%	**2040**
	775,000	213,021	21,500,000	4,279,070	25,779,070			

* Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2024/25 Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
County of:				
Goodhue	$112,653,392	14.6661%	$9,360,000	$1,372,747
City of:				
Cannon Falls	6,729,327	100.0000%	2,764,000	2,764,000
Town of:				
Douglas	2,454,696	32.1026%	160,450	51,509
Special District of:				
Metropolitan Council	5,709,259,708	0.0142%	235,750,000 [3]	33,362
District's Share of Total Overlapping Debt				$4,188,256

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

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $1,694,493,789	Debt/ Current Population Estimate 7,867[1]
Direct G.O. Debt Being Paid From Taxes and State Aids*	$21,250,000		
Less: Agricultural Credit[2]	(3,221,500)		
Tax Supported General Obligation Debt*	$18,028,500	1.06%	$2,291.66
District's Share of Total Overlapping Debt	$4,188,256	0.25%	$532.38
Total*	$22,216,756	1.31%	$2,824.04

*Preliminary, subject to change.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[3]	Total Collected Following Year	Collected to Date	% Collected
2020/21	$4,038,458	$4,017,502	$4,037,676	99.98%
2021/22	3,968,226	3,946,090	3,963,699	99.89%
2022/23	4,231,115	4,205,005	4,222,836	99.80%
2023/24	4,584,153	4,555,110	4,555,109	99.37%
2024/25	4,961,328	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.[4] 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.

1 2023 population estimate.

2 Based on current State law and statistics, the State of Minnesota is estimated to pay approximately 15.16% 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 $3,221,500.

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

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

TAX CAPACITY RATES[1]

	2020/21	2021/22	2022/23	2023/24	2024/25
I.S.D. No. 252 (Cannon Falls Area Schools)	21.262%	19.835%	20.363%	20.979%	21.610%
Dakota County	22.716%	21.630%	18.816%	18.323%	19.948%
Goodhue County	45.430%	47.181%	42.863%	42.022%	40.832%
City of Cannon Falls	67.196%	64.426%	55.365%	54.231%	53.261%
Town of Vasa[2]	16.910%	16.151%	14.863%	13.183%	11.842%
BCWS	0.783%	0.774%	0.691%	0.600%	0.550%
Dakota County CDA	1.375%	1.391%	1.176%	1.309%	1.360%
Metropolitan Council	0.635%	0.649%	0.564%	0.620%	0.549%
Mosquito Control	0.384%	0.372%	0.325%	0.315%	0.320%
SEMMCHRA	0.788%	0.806%	0.696%	0.991%	0.527%
Referendum Market Value Rates:					
I.S.D. No. 252 (Cannon Falls Area Schools)	0.18563%	0.17796%	0.13330%	0.12992%	0.13141%

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

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 182, including 97 non-licensed employees and 85 licensed employees (81 of whom are teachers). The District provides education for 1,042 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.

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

2 Representative town rate.

Public Employees' Retirement Association (PERA)

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

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Custodians	June 30, 2026
Paraprofessionals	June 30, 2026
Food Service	June 30, 2026
Teachers	June 30, 2025
Principals	June 30, 2026
Director of Operations and Maintenance	June 30, 2026
Community Ed Director	June 30, 2026
District Office Staff	June 30, 2026
Secretaries	June 30, 2026
Superintendent	June 30, 2026
School Nurse	June 30, 2026

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent actuarial study of its OPEB obligations shows an actuarial accrued liability of $2,305,821 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 actuarial study.

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	70	457	577	1,104
2021/22	86	472	575	1,133
2022/23	75	453	523	1,051
2023/24	77	471	492	1,040
2024/25	79	479	484	1,042

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2025/26	80	489	485	1,054
2026/27	80	481	486	1,047
2027/28	80	475	477	1,032

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Cannon Falls Elementary	1989	2009, 2016
Cannon Falls Secondary	1961	1972, 2009, 2016, 2023
Cannon Falls Community Center	1945	1996, 2016

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

FUNDS ON HAND (as of March 30, 2025)

Fund	**Total Cash and Investments**
General	$1,014,401
Food Service	132,556
Community Service	209,244
Debt Service	542,256
Building/Construction	144,533
Trust & Agency	205,613
Total Funds on Hand	$2,248,602

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the 2024 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				
	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2024-25 Adopted Budget[1]
Revenues					
Local property tax levies	$1,840,375	$2,040,931	$2,346,111	$2,449,250	$2,687,142
Other local and county sources	734,186	924,926	975,014	1,041,658	689,999
Investment income	1,661	1,298	842	1,145	5,000
State sources	10,591,180	10,339,543	10,345,157	11,406,460	11,799,799
Federal sources	892,527	711,308	488,639	194,330	139,498
Sales and other conversion of assets	0	0	0	0	1,200
Total Revenues	$14,059,929	$14,018,006	$14,155,763	$15,092,843	$15,322,638
Expenditures					
Current:					
District and school administration	$845,424	$860,646	$969,247	$994,970	$1,054,984
District support services	457,994	418,508	410,824	495,059	542,234
Regular instruction	6,258,785	6,353,292	6,390,058	6,507,684	6,541,703
Vocational instruction	271,160	270,998	272,108	332,125	371,942
Special education	2,259,896	2,494,365	2,681,306	2,704,266	2,906,689
Instructional support services	581,809	621,597	556,428	584,659	601,601
Pupil support services	1,110,124	1,374,003	1,284,129	1,413,440	1,382,407
Sites, buildings, and equipment	1,946,411	1,756,386	2,103,242	1,795,571	1,631,514
Fiscal and other fixed cost programs	68,655	79,249	94,483	134,248	174,481
Debt service	94,633	126,943	115,825	160,666	110,000
Total Expenditures	$13,894,891	$14,355,987	$14,877,650	$15,122,688	$15,317,555
Excess of revenues over (under) expenditures	$165,038	($337,981)	($721,887)	($29,845)	$5,083
Other Financing Sources (Uses)					
Capital lease proceeds	$86,464	$182,864	$0	$15,000	$5,000
Insurance recovery	0	317	648,518	78,424	5,000
Sale of capital assets	0	6,002	950	134,518	0
Transfers in	0	0	0	0	0
Transfers (out)	0	0	0	0	0
Total Other Financing Sources (Uses)	86,464	189,183	649,468	227,942	10,000
Net changes in Fund Balances	$251,502	($148,798)	($72,419)	$198,097	$15,083
General Fund Balance July 1	$953,839	$1,205,341	$1,056,543	$984,124	$1,182,221
Change in accounting standards	0	0	0	0	0
General Fund Balance June 30	$1,205,341	$1,056,543	$984,124	$1,182,221	$1,197,304
DETAILS OF JUNE 30 FUND BALANCE					
Restricted	$359,723	$290,499	$275,229	$357,746	
Committed	61,000	80,000	96,000	99,111	
Assigned	354,671	354,672	225,133	225,133	
Unassigned	429,947	331,372	387,762	500,231	
Total	$1,205,341	$1,056,543	$984,124	$1,182,221	

[1] The 2024-25 budget was adopted on May 20, 2024 and revised on March 24, 2025.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 7,968 and a 2023 population estimate of 7,867, and comprising an area of 133 square miles, is located approximately 35 miles south of St. Paul, Minnesota.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Henkel Corp	Manufacture and distribute electronic components	250
I.S.D. No. 252 (Cannon Falls Area Schools)	Elementary and secondary education	182
Mayo Clinic Health System of Cannon Falls	Hospital and health care clinic	160
Gemini Inc.	Manufacture signs and advertising displays	150
Cannon Equipment Midwest	Design/manufacture materials & display fixtures	130
Lorentz Meats	Meat packing	125
Midwest CBK, LLC	Giftwares- wholesale	110
Amesbury Truth	Custom thermoplastic extrusions for windows	110
City of Cannon Falls	Municipal government and services	77
Family Fare Supermarket	Grocery store	70

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

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

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	7,852
2020 U.S. Census population	7,968
Percent of Change 2010 - 2020	1.48%
2023 State Demographer Estimate	7,867

Income and Age Statistics

	The District	Goodhue County	State of Minnesota	United States
2023 per capita income	$43,353	$42,254	$46,957	$43,289
2023 median household income	$84,983	$82,749	$87,556	$78,538
2023 median family income	$106,852	$104,799	$111,492	$96,922
2023 median gross rent	$1,014	$939	$1,235	$1,348
2023 median value owner occupied units	$295,900	$269,400	$305,500	$303,400
2023 median age	44.9 yrs.	42.3 yrs.	38.6 yrs.	38.7 yrs.

	State of Minnesota	United States
District % of 2020 per capita income	92.32%	100.15%
District % of 2020 median family income	95.84%	110.25%

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	**Goodhue County**	**Goodhue County**	**State of Minnesota**
2021	23,999	3.7%	3.7%
2022	24,379	2.6%	2.5%
2023	24,803	2.8%	2.8%
2024	25,087	3.0%	3.0%
2025, March	25,085	3.9%	3.9%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

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

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

FINANCIAL STATEMENTS

JUNE 30, 2024

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
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INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
BOARD OF EDUCATION AND ADMINISTRATION
June 30, 2024

Name	Title	Term Ends
Bob Brintnall	Chairperson	December 31, 2024
Luke Winchell	Vice-Chair / Treasurer	December 31, 2026
JoLyn Williams	Clerk	December 31, 2024
Katie Lochner	Director	December 31, 2024
Clinton Sjoquist	Director	December 31, 2026
Brian Louis	Director	December 31, 2024

Superintendent

Jeff Sampson

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INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

FINANCIAL SECTION

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Independent School District #252
Cannon Falls, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Independent School District #252, Cannon Falls, Minnesota as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and the budgetary comparison for the General Fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgement 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 judgement, 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 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information (continued)

The Uniform Financial Accounting and Reporting Standards Compliance Table is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Uniform Financial Accounting and Reporting Standards Compliance Table is 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 report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the 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.

Report on Summarized Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statement for the year ended June 30, 2023, from which such partial information was derived.

We have previously audited the District's 2023 financial statements and our report, dated November 14, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

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

Smith, Schafer and Associates, Ltd.

Red Wing, Minnesota
October 8, 2024

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Independent School District #252 – Cannon Falls Schools' 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 follow this section.

FINANCIAL HIGHLIGHTS

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

- Total Assets and Deferred Outflows of Resources: $48,986,202.
- Overall revenues of the General Fund were $15,092,843 while overall expenditures totaled $15,122,688.
- The General Fund Unassigned Fund Balance is $500,231. This represents an increase of $112,469 from last fiscal year. The Restricted General Fund balances include State required reserves for long-term facilities maintenance and student activities. These balances total $357,746 as compared to $275,229 last fiscal year.
- The General Fund total fund balance increased by $198,097 in 2023-2024.
- The Food Service Fund total fund balance decreased to $93,084 in 2023-2024. This year had expenditures of $1,009,727 which was more than revenues of $942,484. Overall, expenditures were up $78,975 and revenues were down $26,700. Last year's expenditures were at $930,752 and revenues were at $969,184.
- The Community Service Fund total fund balance increased by $27,886 in 2023-2024. Expenditures were $1,010,826 as compared to $1,038,712 in revenue compared to last year's totals of $925,632 of expenditures and $894,063 of revenues.
- The Debt Service Fund total fund balance decreased by $152,738 in 2023-2024 primarily due to paying down debt and levy adjustments.

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 other required reports. The basic financial statements include two kinds of statements that present different views of the District:

- The first 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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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 they have changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health of the District you need to consider additional 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 elementary and secondary regular instruction, 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The District has three kinds of funds:

- ***Governmental funds.*** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can 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 following the governmental funds statements that explains the relationship (or difference) between them.

- ***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those whom the assets belong. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The district's combined net position from Governmental activities was $6,156,763 on June 30, 2024. This was an increase in net position of $2,480,345 from the prior year.

	Total	
	2024	2023
Assets		
Current and other assets	$ 8,263,414	$ 12,039,771
Capital assets	39,519,238	36,204,949
Total assets	47,782,652	48,244,720
Deferred Outflows of Resources	1,203,550	1,503,764
Liabilities		
Current liabilities	3,385,225	3,182,501
Long-Term liabilities	32,455,734	35,270,560
Total liabilities	35,840,959	38,453,061
Deferred Inflows of Resources	6,988,480	7,637,033
Net Position		
Net investment in capital assets	16,400,959	15,451,885
Restricted	$ 1,043,076	1,159,118
Unrestricted	(11,287,272)	(12,934,585)
Total net position	$ 6,156,763	$ 3,676,418

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

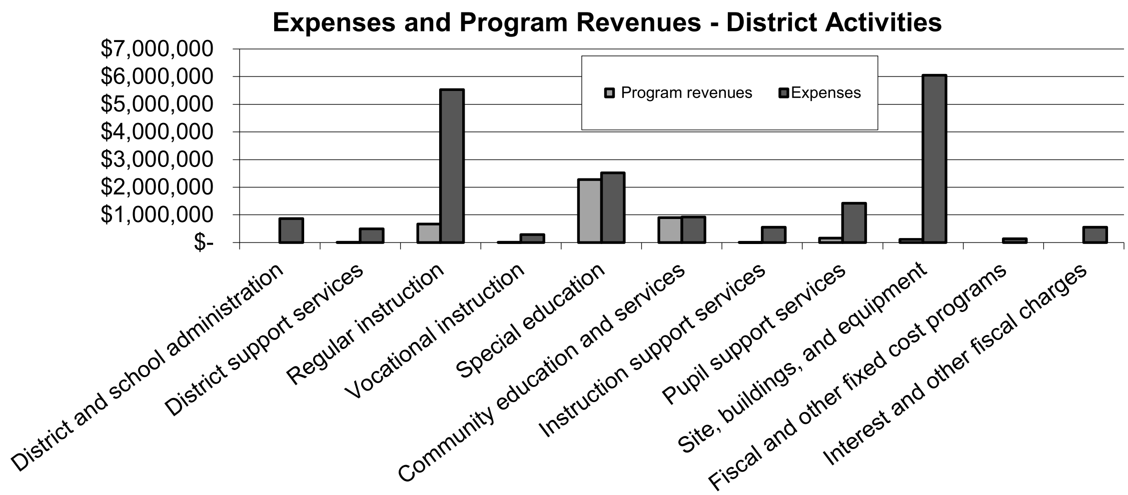
District's Revenue. The District's total revenues were $19,512,978 for the year ended June 30, 2024; compared to $18,873,874 for the year ended June 30, 2023. State sources accounted for 50% and 50% of total revenue for each of the years ended June 30, 2024 and 2023, respectively. The Local property taxes (levies) accounted for 23% (compared to 22% the previous year) of total revenue, with the remaining revenue coming from other sources.

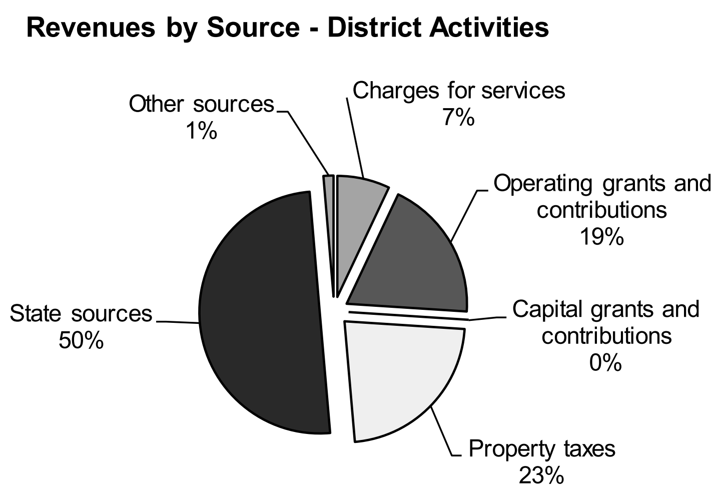
A condensed version of the Statement of Activities follows:

	Total	
	2024	2023
Revenue		
Program revenues:		
Charges for services	$ 1,375,254	$ 1,560,434
Operating grants and contributions	3,701,628	2,950,297
General revenues:		
Property taxes	4,410,708	4,139,871
State sources	9,762,983	9,350,465
Other sources	262,405	872,807
Total revenues	19,512,978	18,873,874
Expenses		
District and school administration	868,549	751,401
District support services	495,438	420,322
Regular instruction	5,269,124	6,137,115
Vocational instruction	285,195	281,363
Special education	2,523,215	2,320,386
Community education and services	922,817	801,665
Instruction support services	555,778	506,534
Pupil support services	1,648,253	1,446,054
Site, buildings, and equipment	2,764,053	2,440,416
Fiscal and other fixed cost programs	134,248	94,483
Food service	1,011,098	951,983
Interest and other fiscal charges	554,865	500,098
Total expenses	17,032,633	16,651,820
Change in net position	2,480,345	2,222,054
Net position - beginning	3,676,418	1,454,364
Net position, end of year	$ 6,156,763	$ 3,676,418

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Below are specific graphs that provide comparisons of the district activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.





FUND BASIS FINANCIAL ANALYSIS

Financial Analysis of the District's Funds

The financial performance of the District as a school is reflected in its governmental funds as well. As the District completed the year, its Governmental Funds reported a combined fund balance of $2,356,962. The District continues to experience minor fluctuations in the number of students. This trend is expected to continue with a gradual decline in student enrollment.

History of enrollment measured by average daily membership (ADM) is as follows:

Fiscal Year	ADM	% Change
2016	1,124.99	
2017	1,142.27	1.5%
2018	1,146.10	0.3%
2019	1,153.09	0.6%
2020	1,160.88	0.7%
2021	1,129.70	-2.7%
2022	1,096.40	-2.9%
2023	1,056.26	-3.7%
2024	1,043.20	-1.2%

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

Total General Fund revenue increased by $515,554 from the previous year (being $14,805,231 in FY23.) Basic general education revenue is determined by a state per student funding formula and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue includes excess levy referendum and the property tax shift which involves a mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net revenue change.

Local property taxes are impacted by the state provided funds for school property tax relief. This relief was provided in two principle ways: 1) removal of the general education revenue property tax via a funding model of greater state aid; and 2) roll in of additional aid for referendum revenue into the basis formula for general education revenue.

FUND BASIS FINANCIAL ANALYSIS (Continued)

General fund revenues were as follows:

	2024	2023	Increase/ (Decrease)
Local property tax levies	$ 2,449,250	$ 2,346,111	$ 103,139
Other local and county sources	1,041,658	975,014	66,644
Investment income	1,145	842	303
State sources	11,406,460	10,345,157	1,061,303
Federal sources	194,330	488,639	(294,309)
Insurance recovery	78,424	648,518	(570,094)
Sales and other conversions of assets	149,518	950	148,568
Total General Fund Revenues	$ 15,320,785	$ 14,805,231	$ 515,554

Total General Fund expenditures increased by $245,038 from the previous year. The increase is due to increases in contract settlements, utility, and transportation costs as well as the cross-subsidy gap.

General fund expenditures were as follows:

	2024	2023	Increase/ (Decrease)
District and school administration	$ 994,970	$ 969,247	$ 25,723
District support services	495,059	410,824	84,235
Regular instruction	6,507,684	6,390,058	117,626
Vocational instruction	332,125	272,108	60,017
Special education	2,704,266	2,681,306	22,960
Instructional support services	584,659	556,428	28,231
Pupil support services	1,413,440	1,284,129	129,311
Site, buildings, and equipment	1,795,571	2,103,242	(307,671)
Fiscal and other fixed cost programs	134,248	94,483	39,765
Interest and other fiscal charges	160,666	115,825	44,841
Total General Fund Expenditures	$ 15,122,688	$ 14,877,650	$ 245,038

The total General Fund balance on June 30, 2024, is $1,182,221 compared to $984,124 on June 30, 2023 (increase of $198,097.) Of the General Fund balance amount, $681,990 is restricted for specific purposes by state requirements, committed or assigned – leaving an amount of $500,231 in the Unassigned General Fund Balance.

FUND BASIS FINANCIAL ANALYSIS (Continued)

Food Service Fund. The Food Service Fund accounts for the activities related to providing child nutrition services to support K-12 academic programs. The fund operates with the goal that revenues exceed expenditures on day-to-day school breakfast and lunch operations so that the excess can be used to systematically replace and upgrade kitchen equipment. By operating in this manner, the child nutrition services program is self-supporting and does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Food Service Fund Balance decreased to $93,084.

The Food Service revenue for 2023-2024 totaled $942,484 compared to $969,184 the previous year – a decrease of $26,700 contributing to the reduction in revenue from prior year is fewer meals served as well as a shift from Federally funded meals to State funded which reimburses meals at a slightly lesser rate..

The Food Service expenditures for 2023-2024 totaled $1,009,727 compared to $930,752 the previous year due to an increase in expenditures of $78,975. This is a result of planned equipment purchases.

Community Service Fund. The Community Service Fund accounts for the activities related to providing education and recreation programs for Pre-Kindergarten and Post-Grade 12 students. The fund operates on the goal of breaking even on a yearly basis so that it does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Community Service fund balance increased by $27,886.

Community Service Fund revenues for 2023-2024 totaled $1,038,712; compared to $894,063 in the prior year. This was an increase in revenue of $144,649. In addition to participation in our Cannon Kids and Preschool programs is strong and growing, rates were increased to help offset increasing expenditures.

Community Service Fund expenditures for 2023-2024 totaled $1,010,826; compared to $925,632 in the prior year. This increase of $85,194 was a result of staffing and contract increases.

Debt Service Fund. The Debt Service Fund expenditures exceeded revenues by $152,738 in the current fiscal year. The fund balance of $867,161 at June 30, 2024 is available for meeting future debt service obligations.

GENERAL FUND BUDGETARY HIGHLIGHTS

The initial annual budget is approved prior to the beginning of the fiscal year. In addition to continual monitoring, the District will revise the annual operating budget twice during the fiscal year; mid-year and in the final month of the fiscal year. The budget will be amended to reflect changes in enrollment from projections and to adjust for staffing, inflationary or other factors that impact revenues and expenditures. The School Board receives monthly updates on expenditures and revenues during the last half of the fiscal year as a preliminary budget is developed for the next fiscal year. These updates reflect the most current information on the current budget year as well as preliminary projections for the next fiscal year.

CAPITAL ASSETS

Capital Assets. By the end of fiscal 2024, the District had invested approximately $39,519,238 in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was $1,483,551.

The District annually updates its Ten-Year Long-Term Maintenance Revenue and Expenditure Plans. Future projects include athletic field maintenance and improvement, and the maintenance/repair of existing interior/exterior District buildings and grounds. Replacement of vehicles in the transportation fleet (bus and van) is ongoing and will require continual investment. Other primary projects include parking lot repair and maintenance and roof repair and replacement. The District will need to utilize its limited amount of capital outlay revenue, capital outlay reserve and Long-Term Facility Maintenance revenue to address these anticipated expenses.

	Total	
	2024	2023
Land	$ 353,392	$ 353,392
Constuction in progess		2,780,351
Land improvements	20,716	20,716
Buildings	52,287,848	45,286,829
Equipment	7,011,081	6,433,909
Total Capital Assets	59,673,037	54,875,197
Less accumulated depreciation	(20,153,799)	(18,670,248)
Total	$ 39,519,238	$ 36,204,949

DEBT ADMINISTRATION

Long Term Liabilities. As of June 30, 2024, the District had $22,485,000 in General Obligation Bonds outstanding, a decrease of 7% from the previous year. A summary of outstanding long-term liabilities of June 30, 2024, is as follows:

	Total	
	2024	2023
General Obligation Bonds	$ 22,485,000	$ 24,100,000
Unamortized Bond Premium	822,517	968,671
Capital Lease Payable	107,385	130,193
Severance Payable	115,946	169,392
Compensated Absences Payable	188,465	151,741
Total	$ 23,719,313	$ 25,519,997

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future.

- The District is continuing to see slightly declining yet consistent student enrollment. Because the state formula for aid is based on student count this directly affects funding the District receives.

- Outstanding bonds: 2017A and 2017B School Building Refunding Bonds funded the fieldhouse / auditorium additions and partial building remodel. Originally 2007A and 2008A, these were bonds refunded in FY17 to reduce interest payments. 2015A Capital Facilities Bonds and 2016A Indoor Air Quality and Deferred Maintenance Bonds funded HVAC improvements and updates throughout the District. 2022A General Obligation School Building Bonds will fund further HVAC updates, facilities maintenance and an expansion of the Career and Technical Education learning space. Obligations for bonds 2017A and 2017B retire in 2028. 2015A retires in 2030. 2016A retires in 2032. 2022A retires in 2040.

- During November 3, 2015 election Cannon Falls, taxpayers voted in favor of a $500 per pupil operating referendum. The referendum will be in place for 10 years and generate, approximately, $575,000 annually. The District relies on these funds to maintain its current level of operating.

- On November 4, 2024 the Cannon Falls School Board is asking the community to support a $1250 per pupil operating referendum. If successful, the current $500 per pupil operating referendum will be revoked and replaced with the new $1250 amount. Funds from this operating levy will be used to attract and retain quality staff throughout the district as well as allow the district to continue to offer favorable class sizes and program offerings.

- The Board, with recommendation from the Finance Committee, adjusted its general fund unassigned balance to a goal of 4-6% of expenditures. Once that goal is achieved the Board and Finance Committee are committed to revising and increasing the general fund unassigned fund balance goal.

FACTORS BEARING ON THE DISTRICT'S FUTURE (Continued)

- Noted above as Bonds 2015A Capital Facilities Bonds and 2016A Indoor Air Quality and Deferred Maintenance Bonds, the School Board approved a significant updating of the District's facilities when it approved an $11.5 million capital facilities and long-term maintenance project. 2015A is a $2,990,000 General Obligation Capital Facilities Bonds. These funds were primarily focused on energy conservation measures throughout the District. 2016A is an $8,305,000 Facilities Maintenance Bond. These funds will address deferred maintenance and long-term facility needs. Repayment of these bonds will be from a combination of debt service levy and the State's Long-Term Facilities Maintenance funding.

- During the November 2021 election our community overwhelmingly approved a $7,985,000 bond to improve HVAC in the secondary building, address safety concerns, maintain facilities and expand our career and technical education learning space. While a small portion of the project (CCC roof) was addressed in 2022 the majority of work took take place in the spring / summer of 2023 and final projects during the summer of 2024.

- As always, a major factor impacting the District's financial health going forward will be how the State funds education in Minnesota. Because this is the largest source of revenue for the District, fluctuations in funding or changes in the funding formula greatly impact public schools. For instance, as the State shifted its funding of education from 90/10 to 60/40 from FY09 to FY12 we were forced to issue aid anticipation certificates for cash flow. A major concern in the short term is whether education funding increases will keep up with current inflationary pressures.

- The State of Minnesota has allowed access to unemployment benefits to hourly staff during the summer. In the first year of this change our district saw a 10 fold increase in unemployment benefits paid from the prior year. While the State has set aside funds to reimburse school districts it is uncertain how long those funds will last. There is concern this cost will be the district's once designated State funding is exhausted.

These factors were considered in preparing the District's budget for the 2024 fiscal year.

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 #252, 820 Minnesota Street, Cannon Falls, Minnesota 55009.

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
STATEMENT OF NET POSITION
June 30, 2024
With Comparative Data as of June 30, 2023

	Governmental Activities	
	2024	2023
Assets		
Cash and cash equivalents	$ 4,279,080	$ 7,923,206
Taxes receivable	2,618,124	2,333,632
Other receivables	6,585	9,844
Due from other governmental units	1,338,275	1,756,939
Inventory	21,350	16,150
Capital assets:		
Nondepreciable	353,392	3,133,743
Depreciable	39,165,846	33,071,206
TOTAL ASSETS	47,782,652	48,244,720
Deferred Outflows of Resources		
Deferred outflows from OPEB activity	161,534	185,330
Deferred outflows from pension activities	1,042,016	1,503,764
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,203,550	1,689,094
Liabilities		
Accounts payable	186,642	239,683
Due to other governmental units	56,983	90,954
Unearned revenue	8,413	8,643
Accrued liabilities	868,048	828,804
Accrued interest payable	264,780	286,930
Noncurrent liabilities:		
Due within one year:		
Long-term liabilities	1,822,545	1,727,487
Post-employment benefit liability	177,814	167,302
Due in more than one year:		
Long-term liabilities	21,896,768	23,792,510
Post-employment benefit liability	2,128,007	2,163,024
Net pension liability	8,430,959	9,315,026
TOTAL LIABILITIES	35,840,959	38,620,363
Deferred Inflows of Resources		
Deferred inflows from pension activities	2,218,492	3,280,912
Deferred inflows from OPEB activity	9,198	
Property taxes levied for subsequent year	4,760,790	4,356,121
TOTAL DEFERRED INFLOWS OF RESOURCES	6,988,480	7,637,033
Net Position		
Net investment in capital assets	16,400,959	15,451,885
Restricted:		
Debt Service	613,596	739,712
State-mandated reserves	357,746	275,229
Food service	71,734	144,177
Unrestricted	(11,287,272)	(12,934,585)
TOTAL NET POSITION	$ 6,156,763	$ 3,676,418

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024
With Partial Comparative Data for the Year Ended June 30, 2023

	2024			
		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
District and school administration	$ 868,549	$	$	$
District support services	495,438		8	
Regular instruction	5,269,124	489,718	183,165	
Vocational instruction	285,195		2,295	
Special education	2,523,215	21,501	2,260,865	
Community education and services	922,817	756,804	143,430	
Instructional support services	555,778	11,379	5,559	
Pupil support services	1,648,253	24,639	140,347	
Site, buildings, and equipment	2,764,053	26,405	89,435	
Fiscal and other fixed cost programs	134,248			
Food service	1,011,098	44,808	876,524	
Interest and other fiscal charges	554,865			
Total governmental activities	$ 17,032,633	$ 1,375,254	$ 3,701,628	$

General Revenues:
Property taxes levied for:
General purposes
Community Service
Debt Service
State aid not restricted to specific purposes
Miscellaneous
Gain on sale of capital assets
Investment income
Total general revenues

Change in net position

Net Position - beginning

Net Position - Ending

See Notes to Financial Statements

2024		2023	
Net (Expense) Revenue and Changes in Net Position		Net (Expense) Revenue and Changes in Net Position	
Total Governmental Activities		Total Governmental Activities	
$	(868,549)	$	(751,401)
	(495,430)		(420,322)
	(4,596,241)		(5,283,749)
	(282,900)		(281,363)
	(240,849)		(687,513)
	(22,583)		(48,449)
	(538,840)		(493,159)
	(1,483,267)		(1,255,266)
	(2,648,213)		(2,339,717)
	(134,248)		(94,483)
	(89,766)		14,431
	(554,865)		(500,098)
	(11,955,751)		(12,141,089)
	2,459,397		2,346,504
	136,149		138,210
	1,815,162		1,655,157
	9,762,983		9,350,465
	93,882		652,514
	15,000		950
	153,523		219,343
	14,436,096		14,363,143
	2,480,345		2,222,054
	3,676,418		1,454,364
$	6,156,763	$	3,676,418

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024
With Partial Comparative Data as of June 30, 2023

	General	Food Service	Community Service
Assets			
Cash and cash equivalents	$ 2,096,471	$ 151,523	$ 41,521
Current property taxes receivable	1,187,817		65,733
Delinquent property taxes receivable	13,596		765
Other receivables	1,216		5,369
Due from Minnesota Department of Education	1,195,384		12,274
Due from Federal through Minnesota Department of Education	62,029		
Due from other school districts	31,781		
Inventory		21,350	
TOTAL ASSETS	$ 4,588,294	$ 172,873	$ 125,662
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities			
Accounts payable	$ 104,838	$ 71,089	$ 5,122
Salaries and accrued liabilities payable	809,292	287	58,469
Due to other governmental units	56,983		
Unearned revenue:			
Local sources		8,413	
TOTAL LIABILITIES	971,113	79,789	63,591
Deferred Inflows of Resources			
Unavailable revenue:			
Property taxes levied for subsequent year	2,421,364		143,433
Delinquent property taxes	13,596		765
TOTAL DEFERRED INFLOWS OF RESOURCES	2,434,960		144,198
Fund Balances			
Nonspendable		21,350	
Restricted	357,746	71,734	
Committed	99,111		
Assigned	225,133		
Unassigned	500,231		(82,127)
TOTAL FUND BALANCES	1,182,221	93,084	(82,127)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 4,588,294	$ 172,873	$ 125,662

See Notes to Financial Statements

		Total Governmental Funds	
Building Construction	Debt Service	2024	2023
$ 302,216	$ 1,687,349	$ 4,279,080	$ 7,923,206
	1,338,998	2,592,548	2,318,203
	11,215	25,576	15,429
		6,585	9,844
	36,807	1,244,465	1,004,117
		62,029	724,247
		31,781	28,575
		21,350	16,150
$ 302,216	$ 3,074,369	$ 8,263,414	$ 12,039,771
$ 5,593	$	$ 186,642	$ 239,683
		868,048	828,804
		56,983	90,954
		8,413	8,643
5,593		1,120,086	1,168,084
	2,195,993	4,760,790	4,356,121
	11,215	25,576	15,429
	2,207,208	4,786,366	4,371,550
		21,350	16,150
296,623	867,161	1,593,264	5,885,105
		99,111	96,000
		225,133	225,133
		418,104	277,749
296,623	867,161	2,356,962	6,500,137
$ 302,216	$ 3,074,369	$ 8,263,414	$ 12,039,771

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024
With Partial Comparative Data for the Year Ended June 30, 2023

	General	Food Service	Community Service
Revenues			
Local sources:			
Property tax levies	$ 2,449,250	$	$ 136,149
Other local and county sources	1,041,658	22,173	757,304
Investment income	1,145	245	
State sources	11,406,460	500,016	145,259
Federal sources	194,330	376,128	
Sales and other conversions of assets		43,922	
TOTAL REVENUES	15,092,843	942,484	1,038,712
Expenditures			
District and school administration	994,970		
District support services	495,059		
Regular instruction	6,507,684		
Vocational instruction	332,125		
Special education	2,704,266		
Community education and services			1,010,826
Instructional support services	584,659		
Pupil support services	1,413,440		
Site, buildings, and equipment	1,795,571		
Fiscal and other fixed cost programs	134,248		
Food service		1,009,727	
Debt service:			
Interest	3,340		
Principal	157,326		
TOTAL EXPENDITURES	15,122,688	1,009,727	1,010,826
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,845)	(67,243)	27,886
Other Financing Sources (Uses)			
Sale of capital assets	15,000		
Insurance recovery	78,424		
Capital lease proceeds	134,518		
Transfers out			
Transfers in			
NET CHANGE IN FUND BALANCES	198,097	(67,243)	27,886
FUND BALANCE - BEGINNING	984,124	160,327	(110,013)
FUND BALANCE - ENDING	$ 1,182,221	$ 93,084	$ (82,127)

See Notes to Financial Statements

		Total Governmental Funds	
Building Construction	Debt Service	2024	2023
$	$ 1,815,162	$ 4,400,561	$ 4,139,478
		1,821,135	1,592,815
149,937	2,196	153,523	219,343
	368,073	12,419,808	10,864,163
		570,458	975,300
		43,922	432,914
149,937	2,185,431	19,409,407	18,224,013
		994,970	969,247
		495,059	410,824
		6,507,684	6,390,058
		332,125	272,108
		2,704,266	2,681,306
		1,010,826	925,632
		584,659	556,428
		1,413,440	1,284,129
4,299,114		6,094,685	5,246,593
		134,248	94,483
		1,009,727	930,752
	723,169	726,509	721,940
	1,615,000	1,772,326	1,669,653
4,299,114	2,338,169	23,780,524	22,153,153
(4,149,177)	(152,738)	(4,371,117)	(3,929,140)
		15,000	950
		78,424	648,518
		134,518	
			(41,880)
			41,880
(4,149,177)	(152,738)	(4,143,175)	(3,279,672)
4,445,800	1,019,899	6,500,137	9,779,809
$ 296,623	$ 867,161	$ 2,356,962	$ 6,500,137

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
RECONCILIATION OF NET ASSETS IN THE
DISTRICT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
June 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances (pages 18 and 19)		$ 2,356,962
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	$ 59,673,037	
Less: Accumulated depreciation	20,153,799	
		39,519,238
Some receivables are not available soon enough to pay for current-period expenditures and, therefore, are unavailable in the funds:		
Delinquent property taxes		25,576
Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due		(264,780)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and long-term debt payable	$ (22,485,000)	
Bond premium	(822,517)	
Net pension liability	(9,607,435)	
Other postemployment benefits payable	(2,153,485)	
Capital leases	(107,385)	
Severance payable	(115,946)	
Compensated absences payable	(188,465)	
		(35,480,233)
Net position of governmental activities (page 15)		$ 6,156,763

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (pages 20 and 21)		$ (4,143,175)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	$ 4,797,840	
Depreciation expense	(1,483,551)	
		3,314,289
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent property taxes		10,147
The governmental funds report long-term debt proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts 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 obligations bonds and related items is as follows.		
Change in accrued interest expense	$ 22,150	
Repayment of bond principal	1,615,000	
Amortization of bond premium	146,154	
		1,783,304
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Repayment of capital lease principal	$ 157,326	
Proceeds from capital lease	(134,518)	
		22,808
In the statement of activities, certain operating expenses - severance benefits, compensated absences, and other postemployment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Compensated absences	$ (36,724)	
Severance payable	53,446	
Net pension liability	1,484,739	
Other post-employment benefits	(8,489)	
		1,492,972
Change in net position of governmental activities (pages 16 and 17)		$ 2,480,345

See Notes to Financial Statements

CANNON FALLS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2024

With Comparative Data for the Year Ended June 30, 2023

	Budgeted Amounts		2024	Over (Under)	2023
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 2,380,975	$ 2,390,361	$ 2,449,250	$ 58,889	$ 2,346,111
Other local and county sources	657,450	670,278	1,041,658	371,380	975,014
Investment income	5,000	5,000	1,145	(3,855)	842
State sources	11,281,440	11,602,232	11,406,460	(195,772)	10,345,157
Federal sources	139,000	146,997	194,330	47,333	488,639
TOTAL REVENUES	14,463,865	14,814,868	15,092,843	277,975	14,155,763
Expenditures					
District and school administration	953,120	1,010,855	994,970	(15,885)	969,247
District support services	338,544	375,302	495,059	119,757	410,824
Regular instruction	6,413,108	6,289,548	6,507,684	218,136	6,390,058
Vocational instruction	349,992	359,036	332,125	(26,911)	272,108
Special education	2,721,522	2,879,324	2,704,266	(175,058)	2,681,306
Instructional support services	592,836	541,719	584,659	42,940	556,428
Pupil support services	1,130,053	1,418,959	1,413,440	(5,519)	1,284,129
Site, buildings, and equipment	1,707,560	1,833,931	1,795,571	(38,360)	2,103,242
Fiscal and other fixed cost programs	142,500	134,248	134,248		94,483
Debt service					
Interest			3,340	3,340	6,172
Principal	118,520	71,000	157,326	86,326	109,653
TOTAL EXPENDITURES	14,467,755	14,913,922	15,122,688	208,766	14,877,650
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,890)	(99,054)	(29,845)	69,209	(721,887)
Other Financing Sources (Uses)					
Sale of capital assets	5,000	15,000	15,000		950
Insurance recovery	25,000	78,424	78,424		648,518
Capital lease proceeds			134,518	134,518	
TOTAL OTHER FINANCING SOURCES (USES)	30,000	93,424	227,942	134,518	649,468
NET CHANGE IN FUND BALANCE	26,110	(5,630)	198,097	203,727	(72,419)
FUND BALANCE - BEGINNING	953,839	953,839	984,124		1,056,543
FUND BALANCE - ENDING	$ 979,949	$ 948,209	$ 1,182,221	$ 203,727	$ 984,124

See Notes to Financial Statements

CANNON FALLS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2024
With Comparative Data for the Year Ended June 30, 2023

	Budgeted Amounts		2024	Over (Under)	2023
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Investment income	$	$	$ 245	$ 245	$ 270
Other local and county sources	17,000	22,000	22,173	173	11,868
State sources	42,000	426,000	500,016	74,016	37,471
Federal sources	454,500	338,000	376,128	38,128	486,661
Sales and other conversions of assets	286,500	48,250	43,922	(4,328)	432,914
TOTAL REVENUES	800,000	834,250	942,484	108,234	969,184
Expenditures					
Pupil support services	794,955	930,788	1,009,727	78,939	930,752
NET CHANGE IN FUND BALANCES	5,045	(96,538)	(67,243)	29,295	38,432
FUND BALANCES - BEGINNING	160,327	160,327	160,327		121,895
FUND BALANCES - ENDING	$ 165,372	$ 63,789	$ 93,084	$ 29,295	$ 160,327

See Notes to Financial Statements

CANNON FALLS, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
For the Year Ended June 30, 2024
With Comparative Data for the Year Ended June 30, 2023

	Budgeted Amounts		2024	Over (Under)	2023
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local sources:					
Property tax levies	$ 143,458	$ 141,175	$ 136,149	$ (5,026)	$ 138,210
Other local and county sources	494,000	740,500	757,304	16,804	605,933
State sources	139,561	142,735	145,259	2,524	149,920
TOTAL REVENUES	777,019	1,024,410	1,038,712	14,302	894,063
Expenditures					
Community education and services	957,028	1,033,178	1,010,826	(22,352)	925,632
NET CHANGE IN FUND BALANCES	(180,009)	(8,768)	27,886	36,654	(31,569)
FUND BALANCES - BEGINNING	(110,013)	(110,013)	(110,013)		(78,444)
FUND BALANCES - ENDING	$ (290,022)	$ (118,781)	$ (82,127)	$ 36,654	$ (110,013)

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Private Purpose Trust
Assets	
Cash and cash equivalents	$ 150,909
Liabilities	
Accounts payable	2,967
NET POSITION, UNRESTRICTED	$ 147,942

See Notes to Financial Statements

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

	Private Purpose Trust
Additions	
Other local and county sources	$ 95,210
Investment income	261
Total Additions	95,471
Deductions	
Fiscal and other fixed cost programs	123,348
CHANGE IN NET POSITION	(27,877)
NET POSITION - BEGINNING	175,819
NET POSITION - ENDING	$ 147,942

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

1. Summary of Significant Accounting Policies

Independent School District #252 was formed and operates pursuant to applicable Minnesota laws and statutes.

The governing body consists of a six-member board elected by the voters of the District to serve four-year terms.

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

Financial Reporting Entity

Independent School District #252 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (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 (GAAP) require that the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separated 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. Based on the aforementioned criteria, the District has no component units.

Student Activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities.

Basic Financial Statement Presentation

The District-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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*. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material inter-fund activity has been removed from the District-wide financial statements.

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

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions." Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State aids are recorded as revenue in the fiscal year for which the aids are designated by statute.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental fund types are accounted for using the modified accrual basis of accounting. Under this method revenues are recognized when susceptible to accrual, i.e. both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual are property taxes, state aids, fees, and interest. For this purpose, the District considers all revenue to be available if it is collected within 60 days after the end of the current period.

Expenditures are generally recognized using the modified accrual basis of accounting when a related fund liability is incurred. Exceptions to this rule include (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transaction, in which the District receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year in when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized.

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

1. Summary of Significant Accounting Policies (Continued)

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 each fund included in this report is as follows:

The *general fund* is the District's primary operating fund. It accounts for all financial resources and transactions except those required to be accounted for in other funds.

The *food service fund* accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities.

The *community service fund* accounts for the resources designated for programs other than those for elementary and secondary students.

The *building construction fund* accounts for the resources designated to the construction of the building.

The *debt service fund* accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

The District reports the following fiduciary fund:

The *scholarship fund* is custodial in nature and does not present results of operations or have a measurement focus. The District uses fiduciary funds to account for scholarship accounts that have no administrative or direct financial involvement. This fund accounts for funds that the District is a fiscal host of flow-through funds for scholarship without a legally binding trust.

Budgets and Budgetary Accounting

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 School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. Reported budget amounts represent the amended budget as adopted by the School 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 School 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 School Board action. Revisions to budgeted amounts must be approved by the School Board.

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

1. Summary of Significant Accounting Policies (Continued)

Cash and Investments

Except where otherwise required, the District maintains all deposits in bank accounts in the name of the District. These deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and temporary cash investments, which is under the management of the District.

The District has designated cash and cash equivalents as demand deposits and all investments with an original maturity of three months or less.

Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivable not expected to be collected within one year is current property taxes receivable.

Use of Estimates

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

Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Inventories

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

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.

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 years.

1. Summary of Significant Accounting Policies (Continued)

Property Taxes

Property tax levies are established by the School 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. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District 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 deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General and Special Revenue Funds 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. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the "tax shift", which periodically changes the District's recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year's levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes $223,999 of the property tax levy collectible in 2024 as revenue to the District in fiscal year 2023-2024. The remaining portion of the tax's collectible in 2024 is recorded as deferred inflows of resources.

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 deferred inflows of resources 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 the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a capitalization threshold level of $5,000. 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 statement but are not reported in the Fund financial statements. 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. Deprecation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings	50
Improvements other than Buildings	20
Equipment	5 - 20

Capital assets not being depreciated include land.

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 buildings or other improvable property.

1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

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 pay has not been accrued in any funds, as these benefits do not vest to employees.

Sick Leave-Upon leaving the employment of the District, non-certified employees within fifteen to twenty or more years are compensated $10 per unused accumulated sick leave day. Non-certified employees with twenty or more years of service are compensated $15 per unused accumulated sick leave day.

Other Postemployment Benefits Payable

Under the terms of certain collectively bargained employment contracts, including the teachers' and administrators' contracts, the District makes no contributions towards the health insurance premiums of retired employees. However, the District has an implicit rate or subsidy for OPEB. This amount was actuarially determined, in accordance with GASB 75.

Severance

The District provides for early retirement severance pay that qualifies as a termination benefit. An estimate of the potential obligation to be paid in future years is $115,946. This amount is included in the financial statements as part of long-term liabilities.

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are expensed in the year the debt is issued.

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

Fund Balance

In the fund financial statements, governmental fund types report fund balance as nonspendable, restricted, committed, assigned or unassigned. Nonspendable portions of fund balance relate to inventory and prepaid items. Restricted funds are constrained by outside parties (statue, grantors, bond agreements, etc.). Committed fund balances are established and motified by a resolution approved by the Board of Education. The District currently doesn't report any committed fund balances. The Board of Education passed a resolution authorizing the Board Chair, Superintendent and the Business Manager the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts, usually in the General Fund only.

1. Summary of Significant Accounting Policies (Continued)

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses or revenues/income initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses or revenues/income in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data has not been presented since the inclusion would not provide meaningful comparisons. Certain amounts in the June 30, 2023 totals column have been reclassified to conform to the current year presentation.

Deferred Outflow of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This is a separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until that time. The District has two types of items that qualify for reporting in this category. The deferred outflows from pension activity and OPEB activity.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report 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 three types of items which occur related to revenue recognition. 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 is pension related.

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

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.

1. Summary of Significant Accounting Policies (Continued)

Pensions

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

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

Leases

For leases with a term exceeding 12 months, the District recognizes a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus certain initial direct costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

Right to use lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

2. Stewardship and Accountability

Excess of expenditures over appropriations at the individual fund level during 2024 is as follows:

	Budget	Expenditures	Excess
General Fund	$14,913,922	$ 15,122,688	$ 208,766
Food Service	930,788	1,009,727	78,939

Excess expenditures were the result of planned processes.

Deficit Fund Balance

Community Service Fund had a deficit fund balance of $82,127 at June 30, 2024.

3. Deposits and Investments

Investments Authorized by Minnesota Statutes

As of June 30, 2024, the District's cash and investments consisted of the following items:

Deposits	$ 2,538,137
Money Market	150,909
Negotiable certificates of deposits	54,773
US Treasuries	1,460,353
Municipal Bonds	225,000
Mutual Funds	817
Total cash and investments	4,429,989
Less Fiduciary fund cash and cash equivalents	(150,909)
Total Cash and Investments Per Statement of Net Position	$ 4,279,080

3. Deposits and Investments (Continued)

	Credit Risk		Fair Value Measurements	Interest Risk - Maturity Duration in Years				
Investment Type	Rating	Agency	Using	No Maturity Date	Less Than 1	1 to 5	6 to 10	Total
Negotiable certificates of deposit	Not Rated	N/A	Level 2	$	$ 54,773	$	$	$ 54,773
US Treasuries	Aaa	Moody	Level 1		1,460,353			1,460,353
Municipal Bonds	AA- to AAA	S&P	Level 2		225,000			225,000
Mutual Funds	AAA	S&P	Level 2	817				817
Total Investments				$ 817	$ 1,740,126	$	$	$ 1,740,943

N/A - Not applicable

Investments Authorized by Minnesota Statutes (Continued)

The District is authorized by Minnesota Statutes to invest idle funds as follows:

a) Direct obligations or obligations guaranteed by the United States or its agencies.

b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.

c) General obligations of the Minnesota Housing Finance Agency rated “A” or better.

d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.

e) General obligations rated “A” or better; revenue obligations rated “AA” or better.

f) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.

g) 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.

h) Guaranteed Investments Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories.

Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

3. Deposits and Investments (Continued)

The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access
- Level 2: Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's deposit policy for custodial credit risk follows Minnesota Statutes for deposits. The District's deposits are entirely covered by federal depository insurance or by collateral held by the District's custodial banks in the District's name

Minnesota Statutes require that all District deposits be insured, secured by surety bonds, or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds. Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Credit Risk

The District has no investment policy that would limit its investment choices.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

4. Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2024 are as follows:

Fund	Minnesota Department of Education	Federal Government Through MDE	Other School Districts	Total
General	$ 1,195,384	$ 62,029	$ 31,781	$ 1,289,194
Community Service	12,274			12,274
Debt Service	36,807			36,807
	$ 1,244,465	$ 62,029	$ 31,781	$ 1,338,275

5. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 353,392	$	$	$ 353,392
Construction in progress	2,780,351		2,780,351	
Total capital assets, not being depreciated	3,133,743		2,780,351	353,392
Capital assets, being depreciated:				
Buildings	45,286,829	7,001,019		52,287,848
Land improvements	20,716			20,716
Equipment	6,433,909	577,172		7,011,081
Total capital assets, being depreciated	51,741,454	7,578,191		59,319,645
Less accumulated depreciation for:				
Buildings	14,771,479	1,070,389		15,841,868
Land improvements	10,100	1,036		11,136
Equipment	3,888,669	412,126		4,300,795
Total accumulated depreciation	18,670,248	1,483,551		20,153,799
Total capital assets, being depreciated, net	33,071,206	6,094,640		39,165,846
Governmental activities capital assets, net	$36,204,949	$ 6,094,640	$ 2,780,351	$39,519,238

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Regular instruction	$ 58,413
Pupil support services	229,420
Site, buildings and equipment	1,195,718
Total depreciation expense - governmental activities	$ 1,483,551

6. Long-Term Liabilities

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the following schedules. General Obligation Bonds are serviced by the Debt Service Fund. They are backed by the full faith and credit of the District. The capital leases, compensated absences, and severance payable are serviced by the General Fund.

A summary of interest rates, maturities and June 30, 2024 balances are as follows:

	Original Amount of Debt	Range of Interest	Final Maturity	Balance June 30, 2024
General Obligation Bonds:				
G.O. Capital Facilities Bonds 2015A	$ 2,990,000	2.00% - 3.00%	12/1/2030	$ 1,530,000
G.O. Capital Facilities Indoor Air Quality Bonds 2016A	7,365,000	2.00% - 3.50%	2/1/2032	7,185,000
G.O. Capital Facilities Deferred Maintenance Bonds 2016A	940,000	2.00% - 3.50%	2/1/2026	210,000
G.O. School Building Refunding Bonds 2017A	6,570,000	2.00% - 4.00%	2/1/2028	2,880,000
G.O. School Building Refunding Bonds 2017B	6,245,000	3.00% - 4.00%	2/1/2028	2,695,000
G.O. School Building Bonds 2022A	7,985,000	2.70% - 4.00%	2/1/2040	7,985,000
Bond premium				822,517
Capital Leases:				
2021 Bus Lease	86,464	2.45%	10/30/2024	17,706
2024 Bus Lease	134,518	7.99%	9/25/2025	89,679
Severance payable				115,946
Compensated absences				188,465
Total				$ 23,719,313

Description of long-term debt

General Obligation Bonds. On December 1,2015, the District issued a General Obligation bond for $2,990,000 for school building improvements. Annual principal and interest will be paid by the Debt Service Fund.

On February 17, 2016, the District issued a General Obligation bond for $8,305,000 for school building improvements. Annual principal and interest will be paid by the Debt Service Fund.

On April 6, 2017, the District issued a General Obligation bond for $6,570,000 for school building improvements. Annual principal and interest will be paid by the Debt Service Fund.

On November 15, 2017, the District issued a General Obligation bond for $6,245,000 for school building improvements. Annual principal and interest will be paid by the Debt Service Fund.

On May 5, 2022, the District issued a General Obligation bond for $7,985,000 for school building improvements. Annual principal and interest will be paid by the Debt Service Fund.

Capital Lease Payable. On August 16, 2019, the District entered into a capital lease for a bus. Annual principal and interest will be paid by the General Fund. The capital lease was paid off in FY24.

6. Long-Term Liabilities (Continued)

Description of long-term debt (Continued)

On October 30, 2020, the District entered into a capital lease for a bus. Annual principal and interest will be paid by the General Fund.

On November 5, 2021, the District entered into two capital leases for buses. Annual principal and interest will be paid by the General Fund. Both of the capital leases was paid off in FY24

On September 25, 2023, the District entered into a capital lease for a bus. Annual principal and interest will be paid by the General Fund.

Compensated Absences Payable. Compensated absences payable consist of convertible sick leave benefits payable to non-certified employees upon retirement. These benefits are paid by the General Fund.

Severance Payable. Severance payable provides for early retirement severance pay that qualifies as a termination benefit. These benefits are paid by the General Fund. Severance payable was previously included in compensated absences.

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable:					
General Obligation Bonds:					
Capital Facilities Bonds 2015A	$ 1,725,000	$	$ 195,000	$ 1,530,000	$ 200,000
Capital Facilities Indoor Air Quality Bonds 2016A	7,225,000		40,000	7,185,000	40,000
Capital Facilities Deferred Maintenance Bonds 2016A	310,000		100,000	210,000	105,000
School Building Refunding Bonds 2017A	3,540,000		660,000	2,880,000	685,000
School Building Refunding Bonds 2017B	3,315,000		620,000	2,695,000	635,000
School Building Bond 2022A	7,985,000			7,985,000	95,000
Bond premium	968,671		146,154	822,517	
Capital Leases:					
2020 Bus Lease	34,262		34,262		
2021 Bus Lease	34,990		17,284	17,706	17,706
2022 Bus Lease	60,941		60,941		
2024 Bus Lease		134,518	44,839	89,679	44,839
Other Liabilities:					
Severance Payable	169,392	10,539	63,985	115,946	
Compensated Absences Payable	151,741	77,531	40,807	188,465	
Governmental Activities Long-term Liabilities	$ 25,519,997	$ 222,588	$ 2,023,272	$23,719,313	$ 1,822,545

6. Long-Term Liabilities (Continued)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2024, excluding compensated absences and severance payable, over the life of the debt, are summarized below:

	General Obligation Bonds		Capital Leases		Total
Years	Principal	Interest	Principal	Interest	
Governmental Activities					
2025	$ 1,760,000	$ 665,668	$ 62,545	$ 3,340	$ 2,491,553
2026	1,830,000	612,355	44,840	3,318	2,490,513
2027	1,820,000	550,655			2,370,655
2028	1,880,000	488,568			2,368,568
2029	1,945,000	424,124			2,369,124
2030-2034	7,520,000	1,380,088			8,900,088
2035-2039	4,705,000	579,510			5,284,510
2040	1,025,000	30,750			1,055,750
Totals	$ 22,485,000	$ 4,700,966	$ 107,385	$ 6,658	$27,330,759

7. Fund Balance

The School District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained to due constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent or Business Manager.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District has not adopted a fund balance policy.

7. Fund Balance (Continued)

Restriction of fund balance indicates that a portion of the fund balance is legally segregated for a specific future use. The following is a summary of the reserved fund balances for the governmental funds:

Restricted for Long Term Facilities Maintenance – Represents the resources available to be used for LTFM projects in accordance with the 10 Year Plan.

Restricted for Student Activities – Represents the resources available for the extracurricular activity funds raised by students.

The following is a summary of fund balances as of June 30, 2024 with comparative totals as of June 30, 2023:

	General	Food Service	Community Service	Construction Fund	Debt Service	2024 Totals	2023 Totals
Nonspendable							
Inventory	$	$ 21,350	$	$	$	$ 21,350	$ 16,150
Total nonspendable		21,350				21,350	16,150
Restricted							
Long term facilities maintenance	75,000					75,000	
Student activities	282,746					282,746	275,229
Food service		71,734				71,734	144,177
Building construction				296,623		296,623	4,445,800
OPEB debt service							
Debt service					867,161	867,161	1,019,899
Total restricted	357,746	71,734		296,623	867,161	1,593,264	5,885,105
Committed							
Separation and retirement benefits	99,111					99,111	96,000
Assigned							
Separation and retirement benefits	225,133					225,133	225,133
Unassigned	500,231		(82,127)			418,104	277,749
Total Fund Balance	$ 1,182,221	$ 93,084	$ (82,127)	$ 296,623	$ 867,161	$ 2,356,962	$ 6,500,137

7. Fund Balance (Continued)

The Uniform Financial Accounting and Reporting Standards (UFARS) fund balance reporting standards are slightly different than the reporting standards under GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions.* Below is a reconciliation between the fund balances following GASB standards and UFARS standards:

	GASB Balance	Reconciling Balance	2024 UFARS Balance	2023 UFARS Balance
Nonspendable				
Inventory	$ 21,350	$	$ 21,350	$ 16,150
Total nonspendable	21,350		21,350	16,150
Restricted				
Long term facilities maintenance	75,000		75,000	(22,169)
Student activities	282,746		282,746	275,229
Food service	71,734		71,734	144,177
Building construction	296,623		296,623	4,445,800
Community service		(82,128)	(82,128)	(114,809)
Debt service	867,161		867,161	1,019,899
Total restricted	1,593,264	(82,128)	1,511,136	5,748,127
Committed				
Separation and retirement benefits	99,111		99,111	96,000
Assigned				
Separation and retirement benefits	225,133		225,133	225,133
Unassigned	418,104	82,128	500,232	414,727
Total Fund Balance	$ 2,356,962	$	$ 2,356,962	$ 6,500,137

8. Defined Benefit Pension Plans - Statewide

Plan Description

1. General Employees Retirement Fund

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

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

2. Teachers Retirement Association (TRA)

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

Educators employed in Minnesota's public elementary and secondary school, 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 Define Contribution Plan (DCR) administered by the State of Minnesota.

Benefits Provided

1. General Employees Plan Benefits

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits 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 of Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent of each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

8. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

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

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:	Step Rate Formula	Percentage
Basic	First ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2 percent per year
	First ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if years are up to July 1, 2006	1.7 percent per year
	All other years of service if years are July 1, 2006 or after	1.9 percent 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 percent per year early retirement reduction factor for all years under normal retirement age.

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

Or

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for coordinated members and 2.7 percent 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.

8. Defined Benefit Pension Plans – Statewide (Continued)

<u>*Benefits Provided (Continued)*</u>

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.

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 also 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.

<u>*Contributions*</u>

1. General Employees Fund Contributions

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024 were $140,246. The District's contributions were equal to the required contributions as set by the state statute.

2. TRA Contributions

Minnesota Statute, Chapter 354 sets the contribution rates for the employees and employers. Rates for each fiscal year ended June 30, 2023 and June 30, 2024 were:

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

The District's contributions to the TRA Fund for the year ended June 30, 2024 were $468,422. The District's contributions were equal to the required contributions as set by the state statute.

8. Defined Benefit Pension Plans – Statewide (Continued)

Contributions (Continued)

The following is a reconciliation of employer contributions in TRA's fiscal year 2023 CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	$ 508,764,000
Add employer contributions not related to future contribution effort	(87,000)
Deduct TRA's contributions not included in allocation	(643,000)
Total employer contributions	$ 508,034,000
Total non-employer contributions	35,587,000
Total Contributions reported in Schedule of Employer and Non-Employer Allocations	$ 543,621,000

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

Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2024, the District reported a liability of $1,314,094 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $36,303.

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's proportionate share was 0.0235 percent at the end of the measurement period and 0.0248 percent for the beginning of the period.

District's proportionate share of net pension liability	$ 1,314,094
State's proportionate share of the net pension liability associated with the District	36,303
Total	$ 1,350,397

8. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (continued)

For the year ended June 30, 2024, the District recognized pension expense of $8,231 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional $163 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 43,728	$ 9,784
Difference between projected and actual investment earnings		54,327
Changes in actuarial assumptions	229,717	360,182
Changes in proportion		115,511
Contributions paid to PERA subsequent to the measurement date	152,631	
Total	$ 426,076	$ 539,804

The $152,631 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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
2025	$ (13,675)
2026	(238,429)
2027	14,253
2028	(28,508)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of $7,116,865 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.0862 percent at the end of the measurement period and 0.0918 percent for the beginning of the year.

8. Defined Benefit Pension Plans – Statewide (Continued)

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:

District's proportionate share of net pension liability	$	7,116,865
State's proportionate share of the net pension liability associated with the District		498,320
Total	$	7,615,185

For the year ended June 30, 2024, the District recognized pension expense of $1,492,970 It also recognized $70,167 as an increase to pension expense for the support provided by direct aid.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 79,048	$ 107,988
Difference between projected and actual investment earnings		66,091
Changes in actuarial assumptions	2,190	913,520
Changes in proportion	37,811	591,089
Contributions paid to TRA subsequent to the measurement date	496,891	
Total	$ 615,940	$ 1,678,688

The $496,891 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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
2025	$ (626,979)
2026	(789,653)
2027	131,177
2028	(186,420)
2029	(87,764)

8. Defined Benefit Pension Plans – Statewide (Continued)

Aggregate Pension Costs

Pension expense recognized by the District for the year ended June 30, 2024 is as follows:

General Employee Retirement Funds	$ 8,394
TRA	1,563,137
Total	$ 1,571,531

Long-Term Expected Return on Investment

1. General Employees Fund Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

2. TRA Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

8. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions

1. General Employee Retirement Fund Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. The assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

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

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

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

8. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions (continued)

2. TRA Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	
Valuation Date	July 1, 2023
Measurement Date	June 30, 2023
Experience Studies	June 5, 2019 (demographic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2019 through January 2023, then increasing by 0.10% each year up to 1.5% annually.
Mortality Assumptions:	
Pre-Retirement:	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projections uses the MP-2015 scale.
Post-Retirement:	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustment of the rates. Generational projection uses the MP-2015 scale
Post-Disability:	RP-2014 disabled retiree morality table, without adjustment.

The TRA actuary has determined the average of the expected remaining service lives of all members for the fiscal year 2023 is six years. The *Difference between Expected and Actual Experience, Changes of Assumptions, and Changes in Proportion* uses the amortization period of six years in the schedule presented. The amortization period for *Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB 68.

8. Defined Benefit Pension Plans – Statewide (Continued)

Changes in actuarial assumptions since the 2022 valuation:

- The 2023 Tax Finance and Policy Bill, effective July 1, 2025:
    - The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
    - The employee contribution rate will increase from 7.75% to 8% on July 1, 2025.
    - The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

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

Discount Rate

1. General Employees Fund Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates specified in Minnesota Statutes. Based on those 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.

2. TRA Discount Rate

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

8. Defined Benefit Pension Plans – Statewide (Continued)

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	Discount Rate	1% Increase in Discount Rate
General Employee Retirement Fund Discount Rate	6.0%	7.0%	8.0%
District's proportionate share of the General Employee Retirement Fund net pension liability	$ 2,324,737	$ 1,314,094	$ 482,801
TRA Discount Rate	6.0%	7.0%	8.0%
District's proportionate share of the TRA net pension liability	$ 11,350,876	$ 7,116,865	$ 3,650,811

Pension Plan Fiduciary Net Position

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

Detailed information about 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 400, St. Paul, Minnesota, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

9. Other Post-Employment Benefits

The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions for the year ended June 30, 2024.

Plan Description

The District provides health insurance benefits for certain retired employees under a single-employer plan. The District provides benefits for retirees as required by state statute to active employees when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and if they do not participate in any other health benefits program providing similar coverage.

Benefits Provided

These retirees will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active retiree population, the retirees are receiving an implicit rate subsidy. As of June 30, 2024 there were approximately 154 active participants and 26 retired participant in the District's group health plan.

Funding Policy

The required contribution is based on projected pay-as-you-go method under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of date June 30, 2023. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 2,305,821
Liability discount rate	3.90%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

9. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

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

Plan Type	Single Employer
Discount rate	3.90%
Long-term expected investment return	N/A
Inflation rate	2.50%
Mortality	
Teachers	From the July 1, 2023 Teachers Retirement Association of Minnesota (TRA) actuarial valuation, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments.
Non-Teachers	From the July 1, 2023 PERA of Minnesota General Employees Retirement Plan actuarial valuation, mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.
Health care cost trend rate	7.69% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.

The following changes in economic assumptions since the last evaluation have been made:

- The discount rate was changed from 3.80% to 3.90%.

The following changes in plan provisions since the last valuation have been made:

- None in the current year.

Changes in Net OPEB Liability

	Total OPEB Liability
Beginning Balance 6/30/2023	$ 2,330,326
Changes for the Year	
Service Cost	97,353
Interest	88,494
Changes in assumptions	(10,732)
Benefit Payouts	(199,620)
Net Changes	(24,505)
Balance End of Year 6/30/2024	$ 2,305,821

9. Other Post-Employment Benefits (Continued)

Net OPEB Liability Sensitivity to Discount and Health-Care Cost Trend Rate Changes

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

	Total OPEB Liability
1% decrease in Discount Rate (2.90%)	$ 2,430,750
Current Discount Rate (3.90%)	2,305,821
1% increase in Discount Rate (4.90%)	2,184,211

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

	Total OPEB Liability
1% decrease in Trend Rates	$ 2,099,555
Current Trend Rates	2,305,821
1% increase in Trend Rates	2,544,734

OPEB Related Deferred Outflows/Inflows of Resources

As of the year ended June 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	$	$ 9,198
Estimated Employer Contributions	161,534	
Total	$ 161,534	$ 9,198

The $161,534 reported as deferred outflows of resources related to OPEB resulting from District contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025.

10. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries insurance for employee health, liability, property, and automotive insurance. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There was no reduction in insurance coverage during 2024.

11. Commitments and Contingencies

Federal and State Receivables

Amounts received or receivable from number of 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.

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

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INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

Other Post-Employment Benefits Plan
Schedule of Changes Net OPEB
Liability and Related Ratios

	June 30, 2024	June 30, 2023
Total OPEB Liability		
Service cost	$ 97,353	$ 96,042
Interest	88,494	88,526
Changes of assumptions	(10,732)	
Benefit payments	(199,620)	(174,019)
Net change in total OPEB liability	(24,505)	10,549
Total OPEB Liability - beginning of year	2,330,326	2,319,777
Total OPEB Liability - end of year	$ 2,305,821	$ 2,330,326
Net OPEB Liability - End of Year	$ 2,305,821	$ 2,330,326
Covered payroll	$ 6,560,160	$ 6,369,087
Net OPEB Liability as a Percentage of Covered-Employee payroll	35.15%	36.59%

Note: There are no assets in a trust to pay related benefits.

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

Schedule of District's Contributions
General Employee Retirement Funds
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District Payroll	Contributions as a Percentage of Payroll
2014	PERA	$ 104,761	$ 104,761	$	$ 1,396,813	7.50%
2015	PERA	114,768	114,768		1,530,240	7.50%
2016	PERA	121,428	121,428		1,619,040	7.50%
2017	PERA	125,771	125,771		1,676,947	7.50%
2018	PERA	132,604	132,604		1,768,053	7.50%
2019	PERA	138,977	138,977		1,853,027	7.50%
2020	PERA	139,783	139,783		1,863,773	7.50%
2021	PERA	144,863	144,863		1,931,507	7.50%
2022	PERA	137,162	137,162		1,828,827	7.50%
2023	PERA	139,123	139,123		1,854,973	7.50%
2024	PERA	140,246	140,246		1,869,947	7.50%

Schedule of District's Contributions
TRA Retirement Funds
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District Payroll	Contributions as a Percentage of Payroll
2014	TRA	$ 321,157	$ 321,157	$	$ 4,282,093	7.50%
2015	TRA	364,639	364,639		4,861,853	7.50%
2016	TRA	361,884	361,884		4,825,120	7.50%
2017	TRA	374,759	374,759		4,996,787	7.50%
2018	TRA	394,532	394,532		5,260,427	7.50%
2019	TRA	422,951	422,951		5,639,347	7.50%
2020	TRA	429,149	429,149		5,566,135	7.71%
2021	TRA	452,730	452,730		5,716,288	7.92%
2022	TRA	463,077	463,077		5,695,904	8.13%
2023	TRA	473,116	473,116		5,672,854	8.34%

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	District's Proportionate (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the District (a+b)	District's Payroll (c)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0275%	$ 1,291,812	$	$ 1,291,812	$1,396,813	92.48%	78.70%
2015	0.0265%	1,373,368		1,373,368	1,530,240	89.75%	78.20%
2016	0.0261%	2,119,191	8,240	2,127,431	1,619,040	131.40%	68.90%
2017	0.0260%	1,659,823	20,895	1,680,718	1,676,947	100.22%	75.90%
2018	0.0265%	1,470,111	48,100	1,518,211	1,768,053	85.87%	79.53%
2019	0.0263%	1,454,068	45,331	1,499,399	1,853,027	80.92%	80.23%
2020	0.0271%	1,624,769	50,038	1,674,807	1,863,773	89.86%	79.06%
2021	0.0254%	1,084,694	33,155	1,117,849	1,931,507	57.87%	87.00%
2022	0.0248%	1,964,168	57,522	2,021,690	1,828,827	110.55%	76.70%
2023	0.0235%	1,314,094	36,303	1,350,397	1,869,947	72.22%	83.10%

Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability
TRA
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	District's Proportionate (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated With the District (a+b)	District's Payroll (c)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1005%	$ 4,630,968	$ 325,873	$ 4,956,841	$4,282,093	115.76%	81.50%
2015	0.0958%	5,926,177	727,235	6,653,412	4,861,853	136.85%	76.80%
2016	0.0928%	22,135,014	2,221,458	24,356,472	4,825,120	504.78%	44.90%
2017	0.0928%	18,524,563	1,791,226	20,315,789	4,996,787	406.58%	51.57%
2018	0.0952%	5,979,123	561,547	6,540,670	5,260,427	124.34%	78.07%
2019	0.0980%	6,246,541	552,941	6,799,482	5,566,135	122.16%	78.07%
2020	0.0984%	7,269,924	608,977	7,878,901	5,716,288	137.83%	75.48%
2021	0.0952%	4,166,237	351,276	4,517,513	5,695,904	79.31%	86.63%
2022	0.0918%	7,350,858	545,088	7,895,946	5,672,854	139.19%	76.17%
2023	0.0862%	7,116,865	498,320	7,615,185	5,478,620	139.00%	76.42%

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INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

OTHER REQUIRED REPORTS

JUNE 30, 2024

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

To the Board of Education
Independent School District #252
Cannon Falls, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards),* and the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the Legal Compliance Task Force pursuant to Minnesota Statutes Section 6.65, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the District, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated October 8, 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 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 the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2019-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as Findings 2024-001 and 2024-002.

Minnesota Legal Compliance

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 for School Districts*, 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.

District's Response to Finding

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

Smith, Schafer and Associates, Ltd.

Red Wing, Minnesota
October 8, 2024

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INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

SCHEDULE OF FINDINGS

JUNE 30, 2024

INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
Year Ended June 30, 2024

FINDING - 2019-001 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Condition: The District does have a control in place for the review of the drafted financial statements. However, the District does not have the expertise to ensure all disclosures required by generally accepted accounting principles are included in the annual financial statements. The potential exists that a material disclosure could be omitted from the financial statements and not be prevented or detected by the District's internal controls.

Criteria: The District should have controls in place to prevent or detect the omission of a material disclosure in the annual financial statements.

Questioned Costs: None

Context: The District has informed us they will continue to rely upon 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

Effect: No effect on the financial statements

Cause: The District does have the control to review, however they do not have the expertise to draft the notes to the financial statements; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.

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

Views of Responsible Officials and Planned Corrective Plan: Management agrees with the recommendation. See corresponding Corrective Action Plan.

Current Status: This finding recurred in 2024.

Independent School District #252
CANNON FALLS, MINNESOTA

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

FINDING 2024-001:	**Compliance**
Condition:	In accordance with the Manual for Activity Fund Accounting (MAFA), each student activity account must have activity during the year. Seven student activity accounts, Elementary SPED, HS Math League, HS PE, Lantern, Trap, Speech and Yearbook, did not have activity during the year.
Criteria:	The District should have controls in place to ensure compliance with MAFA is monitored.
Questioned Costs:	None
Context:	The District has informed us they will implement proper controls to ensure compliance with MAFA.
Effect:	No effect on the financial statements.
Cause:	The District does not have proper controls in place to review and ensure compliance with MAFA is monitored.
Recommendation:	We recommend that the District adopt a policy to comply with MAFA and perform a periodic internal review to ensure compliance is monitored and changes made as necessary.
Views of Responsible Officials and Planned Corrective Actions:	Management agrees with the recommendation. See corresponding Corrective Action Plan.

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

FINDING 2024-002: Compliance

Condition: In accordance with the Manual for Activity Fund Accounting (MAFA), each student activity account must have a statement of purpose form completed and signed during the year. Thirty-three student activity accounts, Academic, Athletic Trainer, Athletics, Basketball-Girls, Cheerleading, Cross Country, Dance, Elementary PE Activity, Elementary Activity for Students, Elementary PBIS, Elementary SPED, HS PBIS, HS SPED, HS Math League, Humanities, Interact, HS PE, FFA, Girls Soccer, Girls Tennis, Lantern, Trap, Music, Robotics, SADD, Softball, Student Council HS, Fall Musical, Tech Masters, Track & Field, Volleyball, Weightlifting, Yearbook, did not complete a statement of purpose form.

Criteria: The District should have controls in place to ensure compliance with MAFA is monitored.

Questioned Costs: None

Context: The District has informed us they will implement proper controls to ensure compliance with MAFA.

Effect: No effect on the financial statements.

Cause: The District does not have proper controls in place to review and ensure compliance with MAFA is monitored.

Recommendation: We recommend that the District adopt a policy to comply with MAFA and perform a periodic internal review to ensure compliance is monitored and changes made as necessary.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the recommendation. See corresponding Corrective Action Plan.

Independent School District No. 252
Cannon Falls Area Schools
820 E. Minnesota Street
Cannon Falls, MN 55009

Jeff Sampson, Superintendent of Schools
sampson.jeff@cf.k12.mn.us

Phone (507) 263-6800 * Fax (507) 263-2515

CORRECTIVE ACTION PLAN (CAP):

The Independent School District #252 respectfully submits the following corrective action plan for the year ended June 30, 2024: Audit period: July 1, 2023 - June 30, 2024.

The finding from the schedule of findings and response is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

RESPONSE: FINDING 2019-001

Explanation of Disagreement with Audit Finding:
There is no disagreement with the audit finding.

Action Planned in Response to Finding:
The Superintendent and Business Manager review the drafted financial statements and notes. The District does not have the expertise to ensure all disclosures required by GAAP are included in the financial statements. Accordingly, the District will rely upon the auditors for completeness of the disclosures. However, the business manager will review the notes for accuracy and compare the balances to UFARS and other District reports prior to issuance of the statements.

Official Responsible for Ensuring CAP:
Josh Davisson, Business Manager, is the official responsible for ensuring the planned responses.

Planned Completion Date for CAP:
Not applicable as the District is willing to accept this risk at this time and will continue to evaluate the recommendation.

Plan to Monitor Completion of CAP:
Jeff Sampson, Superintendent, will ensure the review by the Business Manager has been completed. He will do this through discussion with the Business Manager and reviewing the draft of the financial statements.

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CORRECTIVE ACTION PLAN (CAP):

The Independent School District #252 respectfully submits the following corrective action plan for the year ended June 30, 2023. Audit period: July 1, 2023 – June 30, 2024.

The findings from the schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2024-001

Corrective Action Plan:

The District will adopt a policy to comply with MAFA, ensure activities have activity during the year and conduct periodic internal review to monitor compliance.

Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

Official Responsible for Ensuring CAP:

The Superintendent is the official responsible for ensuring corrective action of this deficiency.

Planned Completion Date for CAP:

Change will be done immediately.

Plan to Monitor Completion of CAP:

Jeff Sampson, Superintendent, and the Board of Education of Independent School District #252 will monitor this process.

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Cannon Falls Area Schools
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Phone (507) 263-6800 * Fax (507) 263-2515

CORRECTIVE ACTION PLAN (CAP):

The Independent School District #252 respectfully submits the following corrective action plan for the year ended June 30, 2023. Audit period: July 1, 2023 – June 30, 2024.

The findings from the schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2024-002

Corrective Action Plan:

The District will adopt a policy to comply with MAFA, ensure all student activities have completed and signed statement of purpose form.

Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

Official Responsible for Ensuring CAP:

The Superintendent is the official responsible for ensuring corrective action of this deficiency.

Planned Completion Date for CAP:

Change will be done immediately.

Plan to Monitor Completion of CAP:

Jeff Sampson, Superintendent, and the Board of Education of Independent School District #252 will monitor this process.

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INDEPENDENT SCHOOL DISTRICT #252
CANNON FALLS, MINNESOTA

COMPLIANCE TABLE

JUNE 30, 2024

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Fiscal Compliance Report - 6/30/2024

District: CANNON FALLS (252-1)

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$15,092,843	$15,092,840	$3
Total Expenditures	$15,122,688	$15,122,685	$3
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$282,746	$282,746	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$0	$0	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.12 Literacy Incentive Aid	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.20 American Indian Education Aid	$0	$0	$0
4.24 Operating Capital	$0	$0	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.39 English Learner	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.43 School Library Aid	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$75,000	$75,000	$0
4.71 Student Support Personnel Aid	$0	$0	$0
4.72 Medical Assistance	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$99,111	$99,111	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$225,133	$225,133	$0
Unassigned:			
4.22 Unassigned Fund Balance	$500,231	$500,233	($2)

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$942,484	$942,485	($1)
Total Expenditures	$1,009,727	$1,009,727	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$21,350	$21,350	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$71,734	$71,734	$0
Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$1,038,712	$1,038,711	$1
Total Expenditures	$1,010,826	$1,010,826	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	($82,127)	($82,128)	$1
4.32 E.C.F.E	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$0	$0	$0
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$149,937	$149,937	$0
Total Expenditures	$4,299,114	$4,299,114	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$296,623	$296,623	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$2,185,431	$2,185,431	$0
Total Expenditures	$2,338,169	$2,338,168	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$867,161	$867,162	($1)
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$95,471	$95,471	$0
Total Expenditures	$123,348	$123,349	($1)
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$147,942	$147,943	($1)

18 CUSTODIAL

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

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

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted:			
4.25 Bond Refundings	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

Form of Legal Opinion

Independent School District No. 252
Cannon Falls, Minnesota

[Purchaser]
[City, State]

Re: **$**[PAR] General Obligation Facilities Maintenance Bonds, Series 2025A
Independent School District No. 252 (Cannon Falls Area Schools)
Goodhue and Dakota Counties, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 252 (Cannon Falls Area Schools), Goodhue and Dakota Counties, Minnesota, of the obligations described above, dated, as originally issued, as of June [__], 2025 (the Bonds), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the District in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the District, enforceable in accordance with their terms.

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

3. The resolution authorizing the issuance of the Bonds obligates the District to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of such law against the State of Minnesota in the absence of legally appropriated and available funds to pay the obligations of the State thereunder.

4. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the Code) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

5. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

6. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code

The opinions expressed in paragraphs 1, 2, and 3 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 4, 5, and 6 above are subject to the compliance by the District with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

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

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

Dated this [__]th day of June, 2025.

Very truly yours,

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX D

TERMS OF PROPOSAL

$775,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2025A INDEPENDENT SCHOOL DISTRICT NO. 252 (CANNON FALLS AREA SCHOOLS), MINNESOTA

Proposals for the purchase of $775,000* General Obligation Facilities Maintenance Bonds, Series 2025A (the "Bonds") of Independent School District No. 252 (Cannon Falls Area Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 9:30 A.M., Central Time, on May 19, 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 Minnesota Statutes, Section 123B.595, as amended, by the District to provide funds for deferred capital maintenance projects, as described in the District's revised ten-year facility plan approved by the Commissioner of Education. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated June 10, 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*
2027	$60,000	2031	$75,000	2035	$90,000
2028	65,000	2032	80,000	2036	95,000
2029	65,000	2033	85,000		
2030	70,000	2034	90,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2026, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.. 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

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

DELIVERY

On or about June 10, 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 in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the District.

SUBMISSION OF PROPOSALS

Proposals must not be for less than $775,000 plus accrued interest on the principal sum of $775,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

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

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

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

A good faith deposit ("Deposit") in the amount of $15,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

The Continuing Disclosure requirements of SEC Rule 15c2-12 are not applicable to the Bonds because the aggregate principal amount of the Bonds does not exceed $1,000,000.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Bonds for federal income tax purposes, the District requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the District to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the District shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the District advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the District at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the District advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering-price rule applies, the Purchaser shall (1) upon the request of the District confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the District a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the District pursuant hereto may be taken or received on behalf of the District by Ehlers & Associates, Inc.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and Bonds submitted will not be subject to cancellation or withdrawal.

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the School Board

Independent School District No. 252
(Cannon Falls Area Schools), Minnesota

PROPOSAL FORM

The School Board **May 19, 2025**
Independent School District No. 252 (Cannon Falls Area Schools), Minnesota (the "District")

RE: $775,000* General Obligation Facilities Maintenance Bonds, Series 2025A (the "Bonds")
DATED: June 10, 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 $775,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due 2027	________	% due 2031	________	% due 2035
________	% due 2028	________	% due 2032	________	% due 2036
________	% due 2029	________	% due 2033		
________	% due 2030	________	% due 2034		

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

A rating for the Bonds may not be requested without contacting Ehlers and receiving the permission of the District.

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 $15,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about June 10, 2025.

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 <u>not</u> met, we elect to use either the: _____10% test, or the _____hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: ______________________ By: ______________________
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 10, 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. 252 (Cannon Falls Area Schools), Minnesota, on May 19, 2025.

By: ______________________ By: ______________________

Title: ______________________ Title: ______________________