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

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2026

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

The District will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

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

INDEPENDENT SCHOOL DISTRICT NO. 712
(MOUNTAIN IRON-BUHL PUBLIC SCHOOL), MINNESOTA
(St. Louis County)

(Minnesota School District Credit Enhancement Program)

$8,620,000* GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2026A

PROPOSAL OPENING: February 23, 2026, 10:30 A.M., C.T.
CONSIDERATION: February 23, 2026, 4:00 P.M., C.T. (PARAMETERS RESOLUTION)

PURPOSE/AUTHORITY/SECURITY: The $8,620,000* General Obligation School Building Refunding Bonds, Series 2026A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 475.67, as amended, by Independent School District No. 712 (Mountain Iron-Buhl Public School), Minnesota (the "District"), for the purpose of effecting a partial current refunding of certain outstanding general obligations of the District as more fully described herein. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: March 19, 2026

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2030	$1,510,000	2032	$1,735,000	2034	$1,915,000
2031	1,640,000	2033	1,820,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2026 and semiannually thereafter.

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

MINIMUM PROPOSAL: $8,533,800.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $172,400 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

ESCROW AGENT: Zions Bancorporation, National Association.

BOND COUNSEL: Kennedy & Graven, Chartered.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

TABLE OF CONTENTS

MOUNTAIN IRON-BUHL PUBLIC SCHOOL
SCHOOL BOARD

		Term Expires
Laura Petersen	Board Chair	January 2027
Lisa Kvas	Vice Chair	January 2029
Jason Gellerstedt	Clerk	January 2027
Charles Bainter	Treasurer	January 2029
Lisa Fredrickson	Member	January 2029
Ann Marie Lubovich	Member	January 2029
Amy Winans	Member	January 2027

ADMINISTRATION

Dr. Reggie Engebritson, Superintendent of Schools
Monica Marks, Business Manager

PROFESSIONAL SERVICES

Cope Law Group, Ltd., Attorney to the District, Virginia, Minnesota

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

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 712 (Mountain Iron-Buhl Public School), Minnesota (the "District") and the issuance of its $8,620,000* General Obligation School Building Refunding Bonds, Series 2026A (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 ratifying the award and sale of the Bonds ("Ratifying Resolution") to be adopted by the School Board on February 23, 2026.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Minneapolis, 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 March 19, 2026. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 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 Ratifying Resolution.

The District has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois, to act as escrow agent (the "Escrow Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent and Escrow Agent services. The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor.

OPTIONAL REDEMPTION

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

*Preliminary, subject to change.

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 475.67, as amended, by the District, to effect a partial current refunding of the District's General Obligation School Building Bonds, Series 2016A (the "Series 2016A Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	Non-Refunded Principal	CUSIP Base 624142
Series 2016A Bonds	7/7/16	4/21/26	Par	2027	2.00%	$35,000	$1,325,000	CW3
				2028	2.00%	95,000	1,290,000	CX1
				2029	2.00%	100,000	1,320,000	CY9
		Total Maturities Being Paid by the Escrow Agent				$230,000	$3,935,000	

Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 624142
2030	4.00%	$1,660,000	CZ6
2031	4.00%	1,780,000	DA0
2032	4.00%	1,865,000	DB8
2033	3.00%	1,940,000	DC6
2034	3.00%	2,000,000	DD4
Total Maturities Being Refunded		$9,245,000	

	Maturities	Interest Rates	Principal to be Paid by the District	CUSIP Base 624142
Paid at maturity	2035	3.00%	$2,060,000	DE2
Paid at maturity	2037 (term)	3.00%	4,305,000	DG7
Total Maturities Being Paid by the District			$6,365,000	

A portion of the proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the cost of issuance. The District will continue to pay the principal and interest due on the on the non-refunded maturities of the Series 2016A Bonds through February 1, 2037.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount	$8,620,000	
Original Issue Premium	1,067,665	
Total Sources		**$9,687,665**
Uses		
Total Underwriter's Discount (0.800%)	$68,960	
Costs of Issuance	98,000	
Deposit to Current Refunding Fund	9,517,692	
Rounding Amount	3,014	
Total Uses		**$9,687,665**

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

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

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on December 15, 2025 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

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

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

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

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

In its Official Statement dated September 23, 2025, for General Obligation State Bonds, Series 2025A, 2025B, 2025C, 2025D and 2025E, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts:

> "As of June 30, 2025, 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 $19,610,000,000. 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, 2025 is currently estimated at $3,155,000,000, with the maximum amount of principal and interest payable in any one month being $1,253,600,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.
>
> The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

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

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

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

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

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the District ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION

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

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

The Code imposes an alternative minimum tax with respect to individuals on alternative minimum taxable income.

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

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

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

Legislative proposals

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2025 have been audited by Brady Martz, Grand Forks, North Dakota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

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

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

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

State Equalization Aids: A portion of the District's debt service is expected to be paid from state aids based upon an equalized debt service formula (the "Formula"). The Formula and District statistics are subject to modification and the dollar appropriation is made by the State Legislature.

Taconite Tax Loss: The District, in common with other Iron Range Communities, receives grants and aids which are derived from special taconite taxes and which may be reduced in the event of production curtailment. Also, homeowners now receive substantial homestead credits from taxes derived from taconite sources which may be reduced with a cut in production. Reduction of grants, state aids and credits could increase the District's need for other local taxes.

Iron Mining Economy: The District is located on Minnesota's Iron Range, with an economy directly related to the mining industry, including processing and shipping of iron ore (pellets) for the nation's steel industry and for foreign shipments. Beginning in 1981, economic downturns reduced demand for steel and for taconite pellets, and some taconite plants curtailed operations and employment.

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 Ratifying Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

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

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

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

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

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

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

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

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

The District's finance vendor, Arrowhead Regional Computing Consortium ("ARCC") recently suffered a network interruption in 2023 that impacted their systems. This interruption required ARCC to shut down parts of their network as they worked to remediate this issue. While there is no indication that any sensitive information has been accessed or misused, the District, in coordination with ARCC provided resources and recommended District staff take certain measures to protect the integrity of their personal credit files.

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 - 0.75% Over $174,000 - 0.25%	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 - 0.75% Over $100,000 - 0.25%	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 – 0.25%
Industrial/Commercial/Utility[5]	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%

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

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

3 Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2024/25 Economic Market Value	$588,849,087[1]
2024/25 Assessor's Estimated Market Value	
Real Estate	$518,693,800
Personal Property	13,213,000
Total Valuation	$531,906,800
2024/25 Net Tax Capacity	
Real Estate	$5,637,447
Personal Property	256,878
Net Tax Capacity	$5,894,325
Less:	
Captured Tax Increment Tax Capacity[2]	(23,202)
Fiscal Disparities Contribution[3]	(652,892)
Power Line Adjustment[4]	(2,878)
Taxable Net Tax Capacity	$5,215,353
Plus: Fiscal Disparities Distribution[3]	517,602
Adjusted Taxable Net Tax Capacity	$5,732,955

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District was about 90.50% 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 an Economic Market Value ("EMV") for the District of $588,849,087.

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

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

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

2024/25 NET TAX CAPACITY BY CLASSIFICATION

	2024/25 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$2,310,172	39.19%
Agricultural	366,256	6.21%
Commercial/industrial	1,494,897	25.36%
Public utility	61,408	1.04%
Railroad operating property	351,590	5.96%
Non-homestead residential	510,855	8.67%
Commercial & residential seasonal/rec.	531,935	9.02%
Minerals	10,334	0.18%
Personal property	256,878	4.36%
Total	$5,894,325	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Adjusted Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2020/21	$385,916,200	$350,053,768	$4,424,684	$4,147,392	1.84%
2021/22	394,408,400	358,098,138	4,478,473	4,323,184	2.20%
2022/23	472,259,000	437,042,679	5,345,434	5,133,436	19.74%
2023/24	517,952,600	483,093,047	5,874,395	5,687,790	9.68%
2024/25	531,906,800	485,055,463	5,894,325	5,732,955	2.69%

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

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

LARGEST TAXPAYERS

Taxpayer	Type of Property	2024/25 Net Tax Capacity	Percent of District's Total Net Tax Capacity
United States Steel Corp.	Industrial	$389,099	6.60%
Wisconsin Central Ltd.	Commercial	352,342	5.98%
Allete Inc./Minnesota Power	Utility	172,064	2.92%
Walmart	Commercial	160,374	2.72%
Mountain Iron EDA	Industrial	156,126	2.65%
Ziegler Buhl LLC	Commercial/Industrial	133,250	2.26%
Lake Country Power	Utility	85,864	1.46%
Mountain Iron Hospitality Exchange	Commercial	66,048	1.12%
Northern Natural Gas Co.	Utility	59,422	1.01%
L&M Supply of Virginia Inc.	Commercial	46,626	0.79%
Total		$1,621,215	27.50%

District's Total 2024/25 Net Tax Capacity $5,894,325

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)* $20,295,000

*Preliminary, subject to change.

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

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

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

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

STATE AID FOR DEBT SERVICE

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

Under the Debt Service Equalization Formula (the Formula) adopted by the 2001 Minnesota State Legislature, each school district is responsible for the amount of its qualifying annual debt service which is equal to 15.74% of its Adjusted Net Tax Capacity (ANTC). The Formula is applied against the remaining qualifying annual debt service which, in the case of the District, is expected to result in a "local share" of about 100.00% of the amount in excess of 15.74% of ANTC, but less than 26.24% of ANTC, and a "local share" of about 68.02% of the amount in excess of 26.24% of ANTC. This results in estimated total State participation of about 5.95% of total annual debt service based on the District's 2024/25 equalization calculations.

Under Minnesota Statutes, Section 298.28, subdivision 7a, the District is eligible for debt service payments on the Series 2016A Bonds and the Bonds of this offering, from the Department of Iron Range Resources and Rehabilitation ("IRRR") school consolidation and cooperatively operated school account. The IRRR Board has allocated an amount sufficient to finance 80% of the debt service on the Series 2016A Bonds and the Bonds of this offering, until both issues are paid in full.

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

Some school districts will also receive aid for debt service payments through the State School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minnesota Statutes, Section 273.1387). The reimbursement percentage 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 2025 is approximately 4.12% of total annual debt service levies, based on the District's 2024/25 qualifying agricultural land valuation.

The District's $1,080,000 Taxable General Obligation OPEB Refunding Bonds, Series 2018A, do **not** qualify for equalization or agricultural credit pursuant to Minnesota Statutes.

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 Economic Market Value	$588,849,087
Multiply by 15%	0.15
Statutory Debt Limit	$88,327,363
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes[1] (includes the Bonds)*	(1,010,000)
Unused Debt Limit*	$87,317,363

*Preliminary, subject to change.

[1] Does not include the District's $27,870,000 General Obligation School Building Bonds, Series 2016A, $1,080,000 Taxable General Obligation OPEB Refunding Bonds, Series 2018A, and the Bonds of this offering, as they are not subject to the debt limit calculation per Minnesota Statutes.

Independent School District No. 712 (Mountain Iron-Buhl Public School), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 03/19/2026)

	School Building Bonds 1) Series 2016A		Taxable OPEB Refunding Bonds 2) Series 2018A		Facilities Maintenance Bonds Series 2024A		School Building Refunding Bonds 3) Series 2026A							
Dated	07/07/2016		11/20/2018		06/13/2024		03/19/2026							
Amount	$27,870,000		$1,080,000		$1,125,000		$8,620,000*							
Maturity	02/01		02/01		02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2027	1,325,000	269,650	115,000	13,573	105,000	47,500	0	373,533	1,545,000	704,256	2,249,256	18,750,000	7.61%	**2027**
2028	1,290,000	243,150	125,000	9,375	100,000	42,250	0	431,000	1,515,000	725,775	2,240,775	17,235,000	15.08%	**2028**
2029	1,320,000	217,350	125,000	4,750	115,000	37,250	0	431,000	1,560,000	690,350	2,250,350	15,675,000	22.76%	**2029**
2030	0	190,950			120,000	31,500	1,510,000	431,000	1,630,000	653,450	2,283,450	14,045,000	30.80%	**2030**
2031	0	190,950			130,000	25,500	1,640,000	355,500	1,770,000	571,950	2,341,950	12,275,000	39.52%	**2031**
2032	0	190,950			140,000	19,000	1,735,000	273,500	1,875,000	483,450	2,358,450	10,400,000	48.76%	**2032**
2033	0	190,950			145,000	12,000	1,820,000	186,750	1,965,000	389,700	2,354,700	8,435,000	58.44%	**2033**
2034	0	190,950			155,000	6,200	1,915,000	95,750	2,070,000	292,900	2,362,900	6,365,000	68.64%	**2034**
2035	2,060,000	190,950							2,060,000	190,950	2,250,950	4,305,000	78.79%	**2035**
2036	2,120,000	129,150							2,120,000	129,150	2,249,150	2,185,000	89.23%	**2036**
2037	2,185,000	65,550							2,185,000	65,550	2,250,550	0	100.00%	**2037**
	10,300,000	2,070,550	365,000	27,698	1,010,000	221,200	8,620,000	2,578,033	20,295,000	4,897,481	25,192,481			

* Preliminary, subject to change.

1) The amount shown is 100% of the total debt service outstanding on the Series 2016A Bonds. The State has pledged to pay 80% of the debt service payable on the Series 2016A Bonds using funds from the Iron Range school consolidation and cooperatively operated school account under Minnesota Statues, Section 298.28, subdivision 7a. This issue is not subject to the debt limit pursuant to Minnesota Statutes, Section 123A.482, Subdivision 6.

2) This issue is not subject to the debt limit.

3) This issue will refund a portion of the 2027 through 2029 maturities and all of the 2030 through 2034 maturities of the District's $27,870,000 General Obligation School Building Bonds, Series 2016A, dated July 7, 2016. The amount shown is 100% of the total debt service outstanding on the Series 2026A Bonds. The State has pledged to pay 80% of the debt service payable on the Series 2026A Bonds using funds from the Iron Range school consolidation and cooperatively operated school account under Minnesota Statues, Section 298.28, subdivision 7a. This issue is not subject to the debt limit pursuant to Minnesota Statutes, Section 123A.482, Subdivision 6.

OVERLAPPING DEBT[1]

Taxing District	2024/25 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
County of:				
St. Louis	$305,125,320	1.8789%	$115,115,000	$2,162,896
Cities of:				
Buhl	679,582	100.0000%	725,000	725,000
Mountain Iron	3,454,679	98.1285%	233,000	228,639
Virginia	6,405,124	1.6373%	14,776,000	241,927
District's Share of Total Overlapping Debt				$3,358,463

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.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $588,849,087	Debt/ Per Capita 4,575[1]
Direct G.O. Debt Paid From Taxes and State Aids*	$20,295,000		
Less: IRRR Contribution[2]	(15,136,000)		
State Equalization Aid/Agricultural Credit[3]	(1,861,462)		
Tax Supported General Obligation Debt*	$3,297,538	0.56%	$720.77
District's Share of Total Overlapping Debt	$3,358,463	0.57%	$734.09
Total*	$6,656,001	1.13%	$1,454.86

*Preliminary, subject to change.

1 Estimated 2024 population.

2 The State has pledged to pay 80% of the debt service payable on the Series 2016A Bonds and the Bonds of this offering, from the Iron Range school consolidation and cooperatively operated school account under Minnesota Statues, Section 298.28, subdivision 7a. Assuming this percentage continues for the life of the issues, the State's proportionate share of principal is $15,136,000.

3 Based on current State law and statistics, the State is estimated to pay approximately 5.22% (state equalization aid) and 4.12% (agricultural credit) 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 $1,861,462 ($1,040,346 state equalization aid and $821,116 agricultural credit, respectively). The District's $1,080,000 Taxable General Obligation OPEB Refunding Bonds, Series 2018A, do **not** qualify for equalization or agricultural credit pursuant to Minnesota Statutes.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date	% Collected
2020/21	$401,894	$397,726	$401,557	99.92%
2021/22	370,271	365,796	368,724	99.58%
2022/23	319,784	314,844	318,751	99.68%
2023/24	481,029	473,466	476,461	99.05%
2024/25	748,853	In process of collection		

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

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

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

TAX CAPACITY RATES[1]

	2020/21	2021/22	2022/23	2023/24	2024/25
I.S.D. No. 712 (Mountain Iron-Buhl Public Schools)	4.470%	2.949%	3.983%	5.182%	5.304%
St. Louis County	69.341%	70.388%	63.514%	58.938%	59.545%
City of Buhl	96.848%	75.139%	78.223%	57.931%	64.723%
City of Kinney	270.235%	292.157%	278.302%	213.482%	252.516%
City of Mountain Iron	50.787%	51.808%	45.426%	42.452%	44.332%
City of Virginia	136.000%	129.304%	127.143%	134.241%	125.197%
Town of Great Scott[2]	24.056%	24.305%	19.543%	21.746%	23.259%
ARDC	0.171%	0.167%	0.150%	0.131%	0.127%
St. Louis County HRA	0.209%	0.210%	0.180%	0.169%	0.166%
St. Louis County RR Authority	0.827%	0.851%	0.759%	0.747%	0.915%
Virginia HRA	1.583%	1.383%	1.466%	1.025%	1.837%
Referendum Market Value Rates:					
I.S.D. No. 712 (Mountain Iron-Buhl Public Schools)	0.07906%	0.07804%	0.04040%	0.05897%	0.11667%

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

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 100, including 49 non-licensed employees and 51 licensed employees (47 of whom are teachers). The District provides education for 601 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

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

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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, as amended.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
MIB Education Minnesota Local	June 30, 2027
AFSCME Local 453	June 30, 2027

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 shows a total OPEB liability of $792,365 as of June 30, 2026. In October of 2008, the District issued $1,600,000 in OPEB Bonds to fund a revocable trust. The District's most recent Audited Financial Statements (Audit) shows the net position of the trust is $1,677,245, as of June 30, 2025. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent Audit and 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
2021/22	32	248	231	511
2022/23	46	262	254	562
2023/24	44	258	255	557
2024/25	42	245	262	549
2025/26	53	244	304	601

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2026/27	39	247	285	571
2027/28	38	243	268	549
2028/29	38	246	250	534

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Merritt Elementary	1986	2015
Mountain Iron-Buhl High School	2018	--

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 December 31, 2025)

Fund	Total Cash and Investments
General	$2,891,571
Food Service	318,785
Community Service	20,018
Debt Service	417,648
OPEB Revocable Trust	1,677,246
Total Funds on Hand	$5,325,269

BUDGET SUMMARY

Fund	June 30, 2025 Actual Fund Balance	2025-26 Projected Revenues and Transfers In	2025-26 Projected Expenditures and Transfers Out	2025-26 Revenues over (under) expenditures	June 30, 2026 Projected Fund Balance
General	$2,847,001	$9,984,916	$10,395,118	($410,202)	$2,436,799
Food Service	367,398	389,000	423,000	(34,000)	333,398
Community Service	163,558	395,429	514,965	(119,536)	44,022
Debt Service	166,241	2,147,249	2,141,450	5,799	172,040
OPEB Revocable Trust Fund	1,677,245	92,000	146,033	(54,033)	1,623,212
OPEB Debt Service Fund	39,934	112,811	128,008	(15,197)	24,737
Total All Funds	$5,261,377	$13,121,405	$13,748,574	($627,169)	$4,634,208

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 2025 audited financial statements.

COMBINED STATEMENT	**FISCAL YEAR ENDING JUNE 30**				
	2021 Audited	**2022 Audited**	**2023 Audited**	**2024 Audited**	**2025 Audited**
Revenues					
Local property tax levies	$1,333,982	$1,518,922	$1,362,062	$1,331,199	$1,455,750
Other local and county revenues	123,455	173,819	323,302	512,853	350,193
Revenues from state sources	5,972,518	5,843,966	6,349,044	7,460,546	7,901,073
Revenues from federal sources	840,324	1,006,020	405,061	314,492	301,476
Total Revenues	$8,270,279	$8,542,727	$8,439,469	$9,619,090	$10,008,492
Expenditures					
Current:					
District and school administration	$534,641	$551,379	$615,643	$597,000	$633,772
District support services	735,377	597,439	561,063	656,349	672,178
Regular instruction	3,381,210	3,713,651	3,487,346	3,797,533	3,889,842
Vocational instruction	138,922	265,507	289,043	330,393	339,798
Exceptional instruction	1,446,485	1,648,959	1,661,807	1,728,102	1,957,100
Instructional support services	194,004	179,174	198,718	205,835	280,991
Pupil support services	483,053	451,619	626,084	634,528	662,869
Site, buildings, and equipment	969,064	891,240	962,755	1,000,311	1,102,071
Fiscal and other fixed cost programs	85,610	73,047	81,170	88,330	92,966
Debt service	0	0	0	0	43,476
Capital outlay	127,988	493,097	8,154	343,921	830,818
Total Expenditures	$8,096,354	$8,865,112	$8,491,783	$9,382,302	$10,505,881
Excess of revenues over (under) expenditures	$173,925	($322,385)	($52,314)	$236,788	($497,389)
Other Financing Sources (Uses)					
Insurance recovery proceeds		$0	$0	$0	$751,111
Proceeds from issuance of SBITA		0	0	0	108,199
Sale of capital assets	$33,834	0	92	4,721	17,600
Transfers (out)	(117,969)	(155,285)	(179,477)	(195,805)	(309,407)
Total Other Financing Sources (Uses)	(84,135)	(155,285)	(179,385)	(191,084)	567,503
Net changes in Fund Balances	$89,790	($477,670)	($231,699)	$45,704	$70,114
General Fund Balance July 1	$3,350,762	$3,440,552	$2,962,882	$2,731,183	$2,776,887
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance June 30	$3,440,552	$2,962,882	$2,731,183	$2,776,887	$2,847,001
DETAILS OF JUNE 30 FUND BALANCE					
Restricted	$1,095,532	$1,118,598	$1,313,156	$1,379,239	$969,459
Unassigned	2,345,020	1,844,284	1,418,027	1,397,648	1,877,542
Total	$3,440,552	$2,962,882	$2,731,183	$2,776,887	$2,847,001

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 4,571 and a 2024 population estimate of 4,575, and comprising an area of 133 square miles, is located approximately 200 miles north of St. Paul, Minnesota.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
U.S. Steel Corporation (Minntac)	Steel mill	1,500
Heliene, USA	Semiconductor devices manufacturer	300
Walmart	Retail	250
Ziegler Inc.	Contractors	150
Occupational Development Center	Rehabilitation services	140
Lake Country Power	Electric companies	135
I.S.D. No. 712 (Mountain Iron-Buhl Public Schools)	Elementary and secondary education	100
Cornerstone Villa	Non-profit organization	70
L&M Fleet Supply	Retail	70
B2Bank NA	Bank	64

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

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	4,529
2020 U.S. Census population	4,571
Percent of Change 2010 - 2020	0.93%
2024 State Demographer Estimate	4,575

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

Income and Age Statistics

	The District	St. Louis County	State of Minnesota	United States
2024 per capita income	$40,402	$41,302	$48,237	$44,673
2024 median household income	$76,813	$70,069	$89,062	$80,734
2024 median family income	$90,741	$95,686	$113,993	$99,999
2024 median gross rent	$958	$1,013	$1,280	$1,413
2024 median value owner occupied units	$174,500	$221,400	$329,300	$332,700
2024 median age	47.7 yrs.	41.2 yrs.	38.8 yrs.	38.9 yrs.

	State of Minnesota	United States
District % of 2024 per capita income	83.76%	90.44%
District % of 2024 median family income	79.60%	90.74%

Source: 2010 and 2020 Census of Population and Housing, and 2024 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	**St. Louis County**	**St. Louis County**	**State of Minnesota**
2021	93,919	4.1%	3.8%
2022	95,490	3.1%	2.5%
2023	96,217	3.2%	2.8%
2024	96,318	3.4%	3.0%
2025, December	94,886	4.9%	3.8%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

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

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

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
TABLE OF CONTENTS

TABLE OF CONTENTS

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
ROSTER OF SCHOOL OFFICIALS
June 30, 2025

Laura Petersen	Chairperson
Lisa Kvas	Vice-Chairperson
Charles Bainter	Treasurer
Jason Gellerstedt	Clerk
Amy Winans	Director
Ann Marie Lubovich	Director
Lisa Fredrickson	Director
Reggie Engebritson	Superintendent

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Independent School District No. 712
Mountain Iron, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 712, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 712, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Independent School District No. 712, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 2 to the financial statements, the District has adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 Independent School District No. 712'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 Independent School District No. 712'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, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of District contributions, schedule of District share of net pension liability, and notes to required supplementary information as listed in the table of contents as required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brady Martz

BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

December 9, 2025

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This section of Independent School District No. 712's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2024-2025 fiscal year include the following:

- The General fund balance increased $70,114 during the 2024-2025 school year.

Overview of the Financial Statements

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information. 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 *proprietary fund* statements provide information about an internal service fund which accumulates and allocates costs internally to the District's various functions.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's general fund budget for the year, and supplementary information that is presented for additional analysis.

<u>District-wide Statements</u>

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, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities*: All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. 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 (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The District has two kinds of funds:

Governmental funds: 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 you 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, reconciliations have been provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance to help explain the relationship (or differences) between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and building construction fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data is provided in the form of combining statements elsewhere in this report.

Proprietary fund: The District maintains an internal service fund which accumulates and allocates costs internally to the District's various functions. The District's internal service fund is used to account for the District's postemployment benefits. Because this service predominately benefits the government function, they have been included in the governmental activities in the government-wide financial statements.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was $6,146,432 on June 30, 2025 (see details in Table A-1).

Table A-1
Statement of Net Position

	2025	2024	Total Percentage Change
Current and Other Assets	$ 7,255,295	$ 7,333,492	(1.1) %
Capital Assets	30,643,021	30,325,997	1.0
Total Assets	37,898,316	37,659,489	0.6
Deferred Outflows of Resources	1,452,164	1,527,530	(4.9)
Long-Term Liabilities	27,211,227	29,913,698	(9.0)
Other Liabilities	3,664,507	2,921,950	25.4
Total Liabilities	30,875,734	32,835,648	(6.0)
Deferred Inflows of Resources	2,328,314	1,222,906	90.4
Net Position			
Net Investment in Capital Assets	7,296,777	6,154,103	18.6
Restricted	1,509,803	1,892,767	(20.2)
Unrestricted	(2,660,148)	(2,918,405)	8.8
Total Net Position	$ 6,146,432	$ 5,128,465	19.8 %

Change in Net Position

Table A-2 presents the change in net position of the District.

Table A-2
Change in Net Position

	2025	2024	Total Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 129,044	$ 163,095	(20.9) %
Operating Grants and Contributions	2,531,815	2,492,026	1.6
Capital Grants and Contributions	96,915	245,043	(60.4)
General Revenues			
Property Taxes	1,933,450	1,724,314	12.1
Unrestricted State Aid	7,829,463	7,460,961	4.9
Other Sources	1,218,028	409,079	197.7
Total Revenues	13,738,715	12,494,518	10.0
Expenses			
Administration	633,772	597,000	6.2
District Support Services	674,442	660,381	2.1
Elementary & Secondary Regular Instruction	3,816,451	3,461,390	10.3
Vocational Education Instruction	345,029	335,624	2.8
Special Education Instruction	1,957,100	1,728,102	13.3
Community Education and Services	502,752	380,494	32.1
Instructional Support Services	304,929	233,385	30.7
Pupil Support Services	1,208,432	1,046,421	15.5
Sites and Buildings	1,119,837	1,134,741	(1.3)
Fixed Costs	209,479	138,136	51.6
Interest on Long-Term Debt	664,565	660,054	0.7
Depreciation - Unallocated	786,323	787,747	(0.2)
Total Expenses	12,223,111	11,163,475	9.5
Change in Net Position	1,515,604	1,331,043	13.9
Net Position - Beginning	5,128,465	3,797,422	
GASB 101 Adjustment - See Note 2	(497,637)		
Net Position - Beginning, Restated	4,630,828	3,797,422	
Net Position - Ending	$ 6,146,432	$ 5,128,465	19.8 %

The District’s total revenues were $13,738,715 for the year ended June 30, 2025. Property taxes and state aid payments accounted for 17.6 percent of total revenue for the year.

The total cost of all programs and services was $12,223,111. The District's expenses are predominantly related to educating and caring for students. The net cost of governmental activities is their total costs less program revenues applicable to each category. Total revenues surpassed expenses, increasing net position $1,515,604 over last year. For the year ended June 30, 2025, the net effect of the District's deferred inflows and outflows of resources and net pension liability related to TRA and PERA increased net position by $126,503. For the year ended June 30, 2024, the net effect of the District's deferred inflows and outflows of resources and net pension liability related to TRA and PERA increased net position by $316,974.

Table A-3 presents these net costs.

Table A-3
Net Cost of Governmental Activities

	Total Cost of Services 2025	Total Cost of Services 2024	Total Percentage Change	Net Cost of Services 2025	Net Cost of Services 2024	Total Percentage Change
Expenses						
Administration	$ 633,772	$ 597,000	6.2 %	$ 633,772	$ 597,000	6.2 %
District Support Services	674,442	660,381	2.1	674,442	659,728	2.2
Elementary & Secondary						
Regular Instruction	3,816,451	3,461,390	10.3	3,267,656	2,931,262	11.5
Vocational Education Instruction	345,029	335,624	2.8	345,029	326,710	5.6
Special Education Instruction	1,957,100	1,728,102	13.3	482,306	166,447	189.8
Community Education and Services	502,752	380,494	32.1	376,997	312,107	20.8
Instructional Support Services	304,929	233,385	30.7	304,929	233,385	30.7
Pupil Support Services	1,208,432	1,046,421	15.5	707,332	575,307	22.9
Sites and Buildings	1,119,837	1,134,741	(1.3)	1,012,507	875,428	15.7
Fixed Costs	209,479	138,136	51.6	209,479	138,136	51.6
Interest on Long-Term Debt	664,565	660,054	0.7	664,565	660,054	0.7
Depreciation - Unallocated	786,323	787,747	(0.2)	786,323	787,747	(0.2)
	$ 12,223,111	$ 11,163,475	9.5 %	$ 9,465,337	$ 8,263,311	14.5 %

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Table A-4
Major Funds

	Fund Balance 6/30/25	Fund Balance 6/30/24	Increase (Decrease)	Percentage Increase (Decrease)
Governmental Funds				
General	$ 2,847,001	$ 2,776,887	$ 70,114	2.5 %
Debt Service Fund	166,241	189,775	(23,534)	(12.4)
Building Construction Fund		468,843	(468,843)	(100.0)

General Fund

The general fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12, including pupil transportation activities and capital outlay projects.

Table A-5 presents a summary of general fund revenue.

Table A-5
General Fund Revenue

	2025	2024	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	$ 1,455,750	$ 1,331,199	$ 124,551	9.4 %
Other	350,193	512,853	(162,660)	(31.7)
State Sources	7,901,073	7,460,546	440,527	5.9
Federal Sources	301,476	314,492	(13,016)	(4.1)
Total General Fund Revenue	$ 10,008,492	$ 9,619,090	$ 389,402	4.0 %

Total general fund revenue increased by $389,402 or 4.0 percent from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referendum and the property tax shift, involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in revenue.

Table A-6 presents a summary of general fund expenditures.

Table A-6
General Fund Expenditures

	2025	2024	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	$ 5,151,955	$ 4,918,295	$ 233,660	4.8 %
Employee Benefits	2,007,372	1,915,873	91,499	4.8
Purchased Services	2,333,262	1,630,078	703,184	43.1
Supplies and Materials	648,894	500,412	148,482	29.7
Capital Expenditures	330,550	343,921	(13,371)	(3.9)
Other Expenditures	33,848	73,723	(39,875)	(54.1)
Total General Fund Expenditures	$ 10,505,881	$ 9,382,302	$ 1,123,579	12.0 %

Total general fund expenditures increased $1,123,579 or 12.0 percent from the previous year.

General Fund Budgetary Highlights

Over the course of the year, the District revised the budget. Major changes included an increase in total revenues of $860,208 and an increase in total expenditures of $783,163. Increase was due to two significant insurance claims in June 2024, where the work was not completed nor reimbursed until 2025.

The District's final budget for the general fund anticipated that expenditures would exceed revenues by $584,483, the actual results for the year show a $70,114 surplus.

Capital Assets and Debt Administration

Capital Assets

Note 4 to the financial statements presents an analysis of capital asset transactions occurring during the year ended June 30, 2025. Additions totaling $1,800,155 included HVAC improvements, bridge and boardwalk project, garage doors, a bus, dishwasher, new SBITA software, and other various equipment. Construction in process decreased by $409,434 due to completion of the HVAC project, garage doors, and bridge and boardwalk. The District disposed of two buses totaling $175,273.

Long-Term Debt

At year-end, the District had $24,418,647 of long-term debt consisting of bonded indebtedness net of related premiums of $23,755,520, compensated absences of $597,403, and SBITA payable of $65,724. Note 7 to the financial statements presents details and payment provisions of these items.

Factors Bearing on the District's Future

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

- The District expects enrollment to remain constant for the upcoming year. Declining enrollment coupled with inflation could have a negative impact on the District's financial outlook.
- Weakening economic conditions in local economy.
- The political environment at the State level will have a significant effect on future finances. The State legislature sets the amount of revenue from aids and levies that Minnesota school districts will receive.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Superintendent, Reggie Engebritson of Independent School District No. 712, 8659 Unity Drive, Mountain Iron, MN 55768.

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
STATEMENT OF NET POSITION
June 30, 2025

GOVERNMENTAL ACTIVITIES	
ASSETS	
Cash and Investments	$ 4,979,556
Property Taxes Receivable	409,353
Accounts Receivable	10,784
Due From MN School Districts	57,807
Due From Department of Education	1,107,235
Due From Federal Govt. - DOE	116,733
Due From Other Governmental Units	560,683
Inventory	13,144
Capital Assets	
Land, Construction in Process	401,868
Other Capital Assets, Net of Depreciation/Amortization	30,241,153
TOTAL ASSETS	37,898,316
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan	1,294,117
Other Postemployment Benefit	158,047
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,452,164
LIABILITIES	
Accounts Payable	86,381
Salaries Payable	705,554
Payroll Deductions	76,263
Unearned Revenue	3,890
Due to Other MN School Districts	376,013
Due to Other Governments	72,519
Interest Payable	303,347
Long-Term Liabilities Due Within One Year	2,040,540
Long-Term Liabilities	
Bonds, Net	23,755,520
SBITA Payable	65,724
Compensated Absences	597,403
Net Pension Liability	3,977,607
Total Other Postemployment Benefit Liability	855,513
Less Amounts Due Within One Year	(2,040,540)
Total Long-Term Liabilities	27,211,227
TOTAL LIABILITIES	30,875,734
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied - Subs. Years	695,911
Cost Sharing Defined Benefit Pension Plan	1,400,767
Other Postemployment Benefit Liability	231,636
TOTAL DEFERRED INFLOWS OF RESOURCES	2,328,314
NET POSITION	
Net Investment in Capital Assets	7,296,777
Restricted	
Student Activity	37,985
Scholarship	106,718
Literacy Incentive Aid	24,166
Taconite Building Maintenance	533,170
Operating Capital	10,345
Literacy Aid	12,064
Long-Term Facilities Maintenance	160,848
Student Support Personnel	19,298
Medical Assistance	64,865
Food Service	364,931
Community Education	128,692
ECFE	6,787
OPEB Debt Service	39,934
Unrestricted	(2,660,148)
TOTAL NET POSITION	$ 6,146,432

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Administration	$ 633,772	$	$	$	$ (633,772)
District Support Services	674,442				(674,442)
Elementary & Secondary Regular Instruction	3,816,451	38,081	510,714		(3,267,656)
Vocational Education Instruction	345,029				(345,029)
Special Education Instruction	1,957,100	41,389	1,433,405		(482,306)
Community Education and Services	502,752	18,764	106,991		(376,997)
Instructional Support Services	304,929				(304,929)
Pupil Support Services	1,208,432	20,395	480,705		(707,332)
Sites and Buildings	1,119,837	10,415		96,915	(1,012,507)
Fixed Costs	209,479				(209,479)
Interest on Long-Term Debt	664,565				(664,565)
Depreciation - Unallocated	786,323				(786,323)
TOTAL GOVERNMENTAL ACTIVITIES	$ 12,223,111	$ 129,044	$ 2,531,815	$ 96,915	(9,465,337)

General Revenues	
Taxes	
Property Taxes, Levied for General Purposes	1,458,123
Property Taxes, Levied for Community Education and Services	107,412
Property Taxes, Levied for Debt Services	235,994
Property Taxes, Levied for Other Postemployment Benefits	131,921
Unrestricted State Aid	7,829,463
Unrestricted Investment Earnings	265,239
Other General Revenue	935,189
Gain on Sale of Capital Assets	17,600
TOTAL GENERAL REVENUES	10,980,941
Change in Net Position	1,515,604
Net Position - Beginning	5,128,465
GASB 101 Adjustment - See Note 2	(497,637)
Net Position - Beginning, Restated	4,630,828
Net Position - Ending	$ 6,146,432

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 2,300,814	$ 294,891	$ 490,132	$ 3,085,837
Current Property Taxes Receivable	253,507	147,914		401,421
Delinquent Property Taxes Receivable	7,932			7,932
Accounts Receivable	10,784			10,784
Due From MN School Districts	120		57,687	57,807
Due From Department of Education	1,081,905	15,403	9,927	1,107,235
Due From Federal Govt. - DOE	116,733			116,733
Due From Other Governmental Units	560,683			560,683
Due From Other Funds	216,473			216,473
Inventory			13,144	13,144
TOTAL ASSETS	$ 4,548,951	$ 458,208	$ 570,890	$ 5,578,049
LIABILITIES				
Accounts Payable	$ 83,886	$	$ 2,495	$ 86,381
Salaries Payable	681,393		24,161	705,554
Payroll Deductions	76,263			76,263
Unearned Revenue			3,890	3,890
Due To Other MN School Districts	376,013			376,013
Due To Other Governments	72,519			72,519
TOTAL LIABILITIES	1,290,074		30,546	1,320,620
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Delinquent Taxes	7,932			7,932
Property Taxes Levied - Subs. Years	403,944	291,967		695,911
TOTAL DEFERRED INFLOWS OF RESOURCES	411,876	291,967		703,843
FUND BALANCES				
Fund Balance:				
Nonspendable: Inventory			13,144	13,144
Restricted for Student Activity	37,985			37,985
Restricted for Scholarship	106,718			106,718
Restricted for Literacy Incentive Aid	24,166			24,166
Restricted for Taconite Building Maint	533,170			533,170
Restricted for Operating Capital	10,345			10,345
Restricted for Literacy Aid	12,064			12,064
Restricted for Long-Term Facilities Maint	160,848			160,848
Restricted for Student Support Personnel	19,298			19,298
Restricted for Medical Assistance	64,865			64,865
Restricted for Debt Service		166,241		166,241
Restricted for Food Service			351,787	351,787
Restricted for Community Education			128,692	128,692
Restricted for ECFE			6,787	6,787
Restricted for OPEB Debt Service			39,934	39,934
Unassigned	1,877,542			1,877,542
TOTAL FUND BALANCES	2,847,001	166,241	540,344	3,553,586
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,548,951	$ 458,208	$ 570,890	$ 5,578,049

See Notes to the Basic Financial Statements

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2025

Total fund balances - governmental funds	$	3,553,586
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Cost of capital assets		43,129,215
Less accumulated depreciation and amortization		(12,486,194)
Deferred outflows of resources relating to the cost sharing defined benefit plans and other postemployment benefits in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,452,166
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		
Bonds		(22,690,000)
Unamortized premiums (discounts)		(1,065,520)
SBITA Payable		(65,724)
Compensated absences		(597,403)
Net Pension Liability		(3,977,607)
Total Other Postemployment Benefit Liability		(855,513)
Deferred inflows of resources relating to the cost sharing defined benefit plans and other postemployment benefits in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		(1,632,404)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		7,932
An internal service fund is used by management to charge the costs of OPEB to individual funds. These assets and liabilities of the internal service fund are included in the statement of net position.		1,677,245
Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the debt service fund.		(303,347)
Net position - governmental activities	$	6,146,432

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	Debt Service Fund	Building Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local Property Tax Levies	$ 1,455,750	$ 235,994	$	$ 181,646	$ 1,873,390
Other Local & County Revenues	350,193	14,189		124,599	488,981
Revenue From State Sources	7,901,073	1,726,308		315,793	9,943,174
Revenue From Federal Sources	301,476			223,892	525,368
TOTAL REVENUES	10,008,492	1,976,491		845,930	12,830,913
EXPENDITURES					
Current					
Administration	633,772				633,772
District Support Services	672,178				672,178
Elementary & Secondary Regular Instruction	3,889,842				3,889,842
Vocational Education Instruction	339,798				339,798
Special Education Instruction	1,957,100				1,957,100
Community Education and Services				504,550	504,550
Instructional Support Services	280,991				280,991
Pupil Support Services	662,869			397,122	1,059,991
Sites and Buildings	1,102,071				1,102,071
Fixed Costs	92,966				92,966
Debt Service					
Principal	42,475	1,270,000		110,000	1,422,475
Interest and Fees	1,001	730,025		21,858	752,884
Capital Outlay	830,818		468,843	94,991	1,394,652
TOTAL EXPENDITURES	10,505,881	2,000,025	468,843	1,128,521	14,103,270
Revenues Over (Under) Expenditures	(497,389)	(23,534)	(468,843)	(282,591)	(1,272,357)
OTHER FINANCING SOURCES (USES)					
Insurance Recovery Proceeds	751,111				751,111
Proceeds from Issuance of SBITA	108,199				108,199
Proceeds from Sale of Assets	17,600				17,600
Transfer In				309,407	309,407
Transfer Out	(309,407)				(309,407)
TOTAL OTHER FINANCING SOURCES (USES)	567,503			309,407	876,910
Net Change in Fund Balances	70,114	(23,534)	(468,843)	26,816	(395,447)
Fund Balances - Beginning	2,776,887	189,775	468,843	513,528	3,949,033
Fund Balances - Ending	$ 2,847,001	$ 166,241	$	$ 540,344	$ 3,553,586

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, 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, 2025

Total net change in fund balances - governmental funds	$	(395,447)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over the estimated useful lives as depreciation expense.		
Capital outlays		1,390,721
Depreciation expense		(1,073,697)
Payment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.		1,422,475
The issuance of long-term debt provides current finanical resources to the governmental funds, but the issuance increases long-term liabilities in the statement of net position.		(108,199)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Also, governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		88,319
In the statement of activities, certain expenses 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 paid).		
Other postemployment benefit obligation		4,864
Compensated absences		(50,372)
Recognition of additional pension expense and grant revenue for the District's proportionate share of the State of Minnesota's contribution to the PERA and TRA.		
Revenue in the statement of activities that does not provide current financial resources is not reported as revenues in the governmental funds.		2,373
Change in net pension liability.		1,104,316
Changes in deferred outflows and inflows of resources related to net pension liability.		(977,813)
Changes in deferred outflows and inflows of resources related to other postemployment benefit liability.		77,514
The change in net position of the internal service fund is reported in the statement of activities.		30,550
Change in net position - governmental activities	$	1,515,604

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
STATEMENT OF NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND
June 30, 2025

	Postemployment Benefits Revocable Trust
ASSETS	
Investments	$ 1,893,719
TOTAL ASSETS	$ 1,893,719
LIABILITIES	
Due to Other Funds	$ 216,474
NET POSITION	
Unrestricted	1,677,245
TOTAL LIABILITIES AND NET POSITION	$ 1,893,719

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND – INTERNAL SERVICE FUND
For the Year Ended June 30, 2025

	Postemployment Benefits Revocable Trust
OPERATING REVENUE	$ 34,536
OPERATING EXPENSES	116,513
OPERATING LOSS	(81,977)
NON-OPERATING REVENUE	
Investment Income	112,527
Change in Net Position	30,550
Net Position - Beginning	1,646,695
Net Position - End of Year	$ 1,677,245

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND – INTERNAL SERVICE FUND
For the Year Ended June 30, 2025

	Postemployment Benefits Revocable Trust
Cash flows from operating activities	
Cash received for health benefits	$ 34,536
Cash paid for health benefits	(116,513)
Net cash received from operating activities	(81,977)
Cash flows from noncapital financing activities	
Net change in amounts due to other funds	81,977
Net cash received from noncapital financing activities	81,977
Net cash from investing activities	
Investment income received	112,527
Net cash provided by investing activities	112,527
Change in cash	112,527
Cash, beginning of year	1,781,192
Cash, end of year	$ 1,893,719

See Notes to the Basic Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Independent School District No. 712 (District) was formed and operates pursuant to applicable Minnesota laws and statutes. The Governing Body consists of a seven-member Board elected by voters of the District. Members are elected for four-year terms. The financial statements of Independent School District No. 712 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The District's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

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

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

C. Basic Financial Statement Presentation

The district-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function, otherwise it is presented as unallocated. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Separate fund financial statements are provided for governmental and proprietary. Major individual governmental funds are reported in separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The District's internal service fund is used to account for the revocable trust fund established to provide funds needed for future OPEB obligations for employees and retirees.

As a general rule, the effect of interfund activity has been eliminated from the district-wide statements.

Description of Funds

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

Major Governmental Funds

General Fund – Accounts for all financial resources and transactions except those required to be accounted for in other funds including pupil transportation and capital outlay activities, which were previously (prior to July 1, 1996) accounted for in separate special revenue funds.

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs other than OPEB bonds.

Building Construction Fund – Accounts for financial resources used in the acquisition and construction of major capital facilities.

Proprietary Funds

Postemployment Benefits Revocable Trust Fund – Internal Service Fund – Accounts for resources set aside and held in a revocable trust arrangement for postemployment benefits. District contributions to this fund must be expensed to an operating fund.

Nonmajor Governmental Funds

Special Revenue Funds – Accounts for proceeds of specific revenue sources (other than permanent fund and major capital projects) that are legally restricted to expenditures for specified purposes. The District's special revenue funds and its purpose is as follows:

Food Service – Accounts for all activities associated with the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities.

Community Service – Accounts for all resources designated for programs other than those for elementary and secondary students.

Postemployment Benefits Debt Service Fund – Accounts for resources set aside and held in a revocable trust arrangement for postemployment benefits. District contributions to this fund must be expensed to an operating fund.

E. Specific Account Information

Cash and Investments – Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Investments are carried at fair value. The District considers certificates of deposit to be cash.

When fair value measurements are required, various data is used in determining those values. Assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

Level 1: Quoted market prices in active markets for identical assets or liabilities
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data
Level 3: Unobservable market inputs that are not corroborated by market data

<u>Taxes Receivable</u> – Taxes receivable represents taxes levied in 2024 which are not payable until 2025, net of the amount received prior to June 30.

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

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

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 unavailable revenue (property taxes levied for subsequent years).

The majority of the revenue in the general fund is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between property taxes and state aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the “tax shift.” This amount is recorded as advance of unearned aid.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year.

<u>Accounts Receivable</u> – Accounts receivable are shown net of any allowance for uncollectible amounts. No allowances for amounts uncollectible have been recorded. The only receivables not expected to be collected within one year are delinquent property taxes receivable.

<u>Inventory</u> – Inventory is recorded using the consumption method of accounting and consists of fuel oil, purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standardized costs, as determined by the Department of Agriculture.

<u>Capital Assets</u> – 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 acquisition value at the date of donation. The District maintains a threshold level of $5,000 or more for capitalizing capital assets. Expenditures for major additions and improvements that extend the useful lives of property and equipment are capitalized. Routine expenditures for repairs and maintenance are charged to expense as incurred.

Capital assets are recorded in the district-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 25 years for equipment.

Capital assets not being depreciated include land and construction in process, if any.

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

Compensated Absences – All leave is credited at the beginning of each school year. The leave policies for different positions are as follows:

Teachers- Personal days, 4 per year, non- accumulative, paid out at end of year at hourly rate of pay up to 2 full days. Sick days, 15 days per year accumulated from year to year to a maximum for 120 days, no leave is paid out upon retirement.

AFSCME-Vacation based on years of service, no carryover, paid out at the end of year. Sick leave - based on hours worked, maximum accumulation of 180 days on July 1, when 135 days accumulation allowed 10 additional days each year to max of 180, when 140 days or more may elect to be paid 2 days at $60/day after July 1, upon retirement shall receive severance based on unused sick leave- 60% after 15 years, 70% after 20, 80% after 25, and 100% after 30.

Principal- Personal days, 5 days per year, non- accumulative, unused may carry over to next year not to exceed 6 days at any given time, not paid upon retirement. Sick days - 18 days per year, accumulate up to 180, not paid upon retirement.

Business Manager - Personal days, 2 per year, not carried over. Vacation - 4 weeks must be used no more than 90 days into next fiscal year, no payment upon severance. Sick leave - 18 days per year, maximum accumulation 180 days, no pay out upon severance.

Early Childhood - Personal days, 3 days must be used in contract year, no pay out. Sick leave - 15 days per year accumulated up to 120 days, no payment upon severance.

Student/Personnel Coordinator - Personal days, 2 days per year, must be used in contract year. Vacation, based on years of service, unused paid out at end of fiscal year. Sick leave - 18 days per year, accumulated to a maximum of 180 days, no payout upon retirement.

Social Worker - Personal days, 3 days per year, no carryover. Sick days - 15 days per year maximum accumulation of 120 days, no payout.

The District accounts for compensated absences using a days-used approach. This approach consists of gathering the historical usage of compensated absences used to determine both a liability related to leave to be used as time off and leave to be settled in cash upon termination of employment. Salary-related employer payments are included in the calculation of the compensated absence liability.

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. Existing bonded debt is reported at the face value of remaining indebtedness. For any new indebtedness that may be issued in the future, bond premiums and discounts will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable will be reported net of the applicable bond premium or discount. Bond issuance costs will be expensed in the period incurred.

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.
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 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 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.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. The District has two items that qualify for reporting in this category named *Cost Sharing Defined Benefit Pension Plan* and *Other Postemployment Benefits* which represents actuarial differences within PERA and TRA pension plans as well as amounts paid to the plans after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position 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, one of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet.

The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The item, *property taxes levied – subs. years,* is reported as a deferred inflow of resources for both the Balance Sheet – Governmental Funds and the Statement of Net Position as these amounts represent property tax revenue levied for a subsequent period. The third item and fourth items, *Cost Sharing Defined Benefit Pension Plan*, and *Other Postemployment Benefits*, represents actuarial differences within PERA and TRA pension plans and other postemployment benefits.

Net Position – Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the District's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Net Position Flow Assumption – Sometimes the government will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance – The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable – Consists of amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted – Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions and administered by the Minnesota Department of Education.

Committed – Consists of amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned – Consists of amounts a government intends to use for a specific purpose. These constraints are established by the Board of Education and/or management. The Board of Education delegates the authority to assign fund balances to the superintendent.

Unassigned – Consists of amounts that are available for any purpose; positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the District's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

The District has a minimum fund balance policy. The goal is to maintain a minimum of 15 percent or a maximum of 25 percent of the prior fiscal year's expenditures.

F. Use of Estimates

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

NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement No. 101, *Compensated Absences*, in the fiscal year ended June 30, 2025. GASB Statement No. 101 establishes uniform accounting and financial reporting requirements for compensated absences.

The adoption of GASB 101 resulted in the recognition of an additional compensated absence liability of $497,637 as of July 1, 2024.

NOTE 3 DEPOSITS AND INVESTMENTS

The District maintains a cash account at its depository bank. Investments are carried at fair value. The District considers certificates of deposit to be cash.

The District's interest income for the year ended June 30, 2025, was $265,239.

The pooled cash and investment accounts are comprised of the following:

	Governmental Activities
Cash	$ 274,245
Investments	4,705,311
Total	$ 4,979,556

As of June 30, 2025, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years) < 1	1 - 5	6-10	> 10	Credit Rating	Rating Agency
MN School District Liquid Asset Fund	$ 2,811,592	$ 2,811,592	$	$	$	N/A	N/A
MN State Board of Investment	1,893,719	1,893,719				N/A	N/A
Total Investments	$ 4,705,311	$ 4,705,311	$	$	$		

Investment Type	Fair Value Level 1	Fair Value Level 3	Total
MN School District Liquid Asset Fund	$ 2,811,592	$	$ 2,811,592
MN State Board of Investment		1,893,719	1,893,719
Total Investments by Fair Value	$ 2,811,592	$ 1,893,719	$ 4,705,311

The Minnesota School District Liquid Asset Fund is a common law trust organized and existing under the laws of the State of Minnesota, in accordance with the provisions of the Minnesota Joint Powers Act. The general objective of the Fund is to provide a high yield for the participants while maintaining liquidity and preserving capital by investing only in instruments authorized by Minnesota Statutes, which govern the temporary investment of school district monies. In addition, the fixed rate/fixed term portion of the program is also structured with safety of principal as the major objective.

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under 2a7. The fair value of the position in the pool is the same as the value of the pool shares.

The District's postemployment benefit funds are invested in the Minnesota State Board of Investment (SBI), whose investments are governed by the prudent person rule and Minnesota Statutes, Chapter 11A and Chapter 356A. The SBI maintains investment pools that participants can invest in; participants own a proportionate share of the investment pools. The fair value of the investment pools is priced daily by the SBI custodian, when a daily price is available, by using independent pricing sources.

<u>Interest Rate Risk</u> - 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.

<u>Credit Risk</u> - The District may invest idle funds as authorized in Minnesota Statutes, as follows:

(a) Direct obligations or obligations guaranteed or insured issued by the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.
(b) General obligations and revenue obligations of any state or local government with taxing powers rated “A” and “AA”, respectively, and general obligations of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and rated “A” or better.
(c) Commercial paper issued by United States corporations or their Canadian subsidiaries, rated in the highest quality by at least two rating agencies, and maturing in 270 days or less.
(d) Time deposits that are fully insured by the FDIC or bankers acceptances of U.S. banks.
(e) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
(f) Repurchase or reverse repurchase agreements with banks that are qualified as a “depository” of public funds of the government entity, any other financial institution which is a member 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.
(g) Guaranteed investment contracts (GIC’s) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories, or in the top three rating categories for long-term GIC’s issued by Minnesota banks.
(h) Securities lending agreements with financial institutions having its principal executive office in Minnesota and meeting the qualifications described in (f) above.

<u>Concentration of Credit Risk</u> - The District places no limit on the amount the District may invest in any one issuer.

<u>Custodial Credit Risk - Deposits</u> - The District does not have a policy for custodial credit risk. In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the District's board, all of which are members of the Federal Reserve System. Minnesota Statutes require that all district deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds. As of June 30, 2025, the District was not exposed to custodial credit risk.

<u>Custodial Credit Risk - Investments</u> – None of the District’s investments are subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 99,100	$	$	$ 99,100
Construction in Process	712,202	302,768	712,202	302,768
Total Capital Assets, Not Being Depreciated	811,302	302,768	712,202	401,868
Capital Assets, Being Depreciated / Amortized:				
Land Improvements	648,671	90,964		739,635
Buildings	37,704,458	1,390,762		39,095,220
Equipment	2,749,336	210,230	175,273	2,784,293
SBITA software		108,199		108,199
Total Capital Assets, Being Depreciated / Amortized	41,102,465	1,800,155	175,273	42,727,347
Less Accumulated Depreciation / Amortization For:				
Land Improvements	237,306	30,746		268,052
Buildings	9,553,326	846,311		10,399,637
Equipment	1,797,138	165,860	175,273	1,787,725
SBITA software		30,780		30,780
Total Accumulated Depreciation / Amortization	11,587,770	1,073,697	175,273	12,486,194
Total Capital Assets, Being Depreciated / Amortized, Net	29,514,695	726,458		30,241,153
Governmental Activities Capital Assets, Net	$ 30,325,997	$ 1,029,226	$ 712,202	$ 30,643,021

In the statement of activities, depreciation / amortization expense was charged to the following governmental functions:

District Support Services	$ 2,264
Elementary & Secondary Regular Instruction	75,204
Vocational Education Instruction	5,231
Instructional Support Services	23,938
Pupil Support Services	71,505
Sites and Buildings	109,232
	287,374
Unallocated	786,323
Total Depreciation / Amortization Expense	$ 1,073,697

NOTE 5 DEFINED BENEFIT PENSION PLANS - STATEWIDE

Substantially, all employees of the District are required by state law to belong to pension plans administered by Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis.

Disclosures relating to these plans follow:

A. Public Employees Retirement Association

Plan Description – The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan’s financial reporting requirements. PERA’s defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA’s defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

General Employees Retirement Plan (General Plan)
Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

Benefits Provided – PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits
General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of June 30 before the effective date of the increase will receive a prorated increase.

Contributions – Minnesota Statutes Chapter 353, 353E, 353G, and 356 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50 percent for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were $115,897. The District's contributions were equal to the required contributions for each year as set by state statute.

Pension Costs – At June 30, 2025, the District reported a liability of $667,006 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 $17,239.

District's proportionate share of net pension liability	$	667,006
State of Minnesota's proportionate share of the net pension liability associated with the District		17,239
Total	$	684,245

The net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0180% at the end of the measurement period and 0.0175% for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of $76,113 for its proportionate share of the General Employee Plan's pension expense. In addition, the District recognized $462 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

During the plan year ended June 30, 2024, the State of Minnesota contributed $170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the $170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized $2,960 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At June 30, 2025, the District reported its proportionate share of the 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
Differences between expected and actual economic experience	$ 62,039	$
Difference between projected and actual earnings on pension plan investments		176,557
Changes in actuarial assumptions	3,195	246,752
Changes in proportion	45,803	6,040
Employer contributions subsequent to the measurement date	115,897	
Total	$ 226,934	$ 429,349

The $115,897 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2026	$ (163,652)
2027	(30,583)
2028	(73,072)
2029	(51,005)

Long-Term Expected Return on Investments – 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	33.50%	5.10%
Private Markets	25.00%	5.90%
Fixed Income	25.00%	0.75%
International Equity	16.50%	5.30%

Actuarial Methods and Assumptions – The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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

The following changes in actuarial assumptions and plan provisions occurred in 2024:

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Discount Rate – The discount rate used to measure the total pension liability in 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

Sensitivity Analysis - NPL at Different Discount Rates

1% Decrease (6%)	Current (7%)	1% Increase (8%)
$ 1,456,849	$ 667,006	$ 17,289

Pension Plan Fiduciary Net Position – Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

B. Teachers Retirement Association

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage within one year of eligible employment or elect coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing DCR plan is not a member of TRA except for purposes of social security coverage.

Benefits Provided - TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any consecutive 60 months of formula service, age and years of formula service credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

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

Tier I Benefits:

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

With these provisions:

a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
b) 3 percent per year early retirement reduction factors for all years under normal retirement age.
c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

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. An early retirement reduction is applied to members retiring prior to age 65. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) reduction rate applied.

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. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66, but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

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

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

Contribution Rate - Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were $339,963. The District's contributions were equal to the required contributions for each year as set by state statute.

Actuarial Assumptions - The total pension liability in the June 30, 2024, 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

Experience Study	August 2, 2023 (demographic and economic 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 0.1% each year up to 1.5% annually.

Mortality Assumption

Pre-retirement	PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Healthy Retirees	PubT-2010 (A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Post-disability	Pub-2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Disabled Retirees	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

** The assumptions prescribed are based on the experience study dated August 2, 2023. For GASB67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with actuary*

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 (Geometric Mean)
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%

<u>Changes in actuarial assumptions since the 2023 valuation:</u>

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

<u>Discount Rate</u> - The discount rate used to measure the total pension liability was 7.00 percent. The discount rate used to measure the TPL at the Prior Measurement Date was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2024 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. 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.

Net Pension Liability - On June 30, 2025, the District reported a liability of $3,310,601 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.0521% at the end of the measurement period and 0.0497% for the beginning of the year.

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

District's proportionate share of net pension liability	$	3,310,601
State's proportionate share of the net pension liability associated with the District		216,497

For the year ended June 30, 2025, the District recognized pension expense of $355,811. It also recognized $11,901 as an increase to pension expense for the support provided by direct aid.

On June 30, 2025, the District had deferred resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	156,366	$	41,126
Net difference between projected and actual earnings on plan inv.				483,516
Changes in actuarial assumptions		324,239		394,798
Changes in proportion		246,615		51,978
District contributions subsequent to the measurement date		339,963		
Total	$	1,067,183	$	971,418

$339,963 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 ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year Ending June 30		Pension Expense Amount
2026	$	(145,849)
2027		324,996
2028		(230,323)
2029		(170,229)
2030		(22,793)

Pension Liability Sensitivity - The following presents the net pension liability calculated using the discount rate of 7.00 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage higher (8.00 percent) than the current rate.

Sensitivity Analysis - NPL at Different Discount		
1% Decrease (6.0%)	Current (7.0%)	1% Increase (8.0%)
$ 5,830,162	$ 3,310,601	$ 1,236,943

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

The District recognized total pension expense of $431,924 for all of the pension plans in which it participates.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The District's Plan is a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The authority and requirement to provide these benefits is established in Minnesota Statutes Section 471.61, Subd. 2b. The benefit levels, employee contributions, and employer contributions are governed by the District and can be amended by the District through the District's collective bargaining agreements with employee groups. The District has established a Postemployment Benefits Revocable Trust (Trust) to account for the accumulation plan assets available to pay for current and future postemployment health care costs. The Trust does not issue a standalone financial report, but is included in this report of the District.

Benefits Provided – The District provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan.

Funding Policy - Retirees and their spouses contribute to the healthcare plan at the same rate as District employees. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. The District provides postemployment healthcare benefits to qualifying retirees.

Employees Covered by Benefit Term – At June 30, 2025, the following employees were covered by the benefit terms:

Active employees electing coverage	48
Active employees waiving coverage	43
Retirees electing coverage	6
Total Members	97

Total OPEB Liability – The District's total OPEB liability of $855,513 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Healthcare Cost Trend Rates	8.6 percent, gradually decreasing over several decades to an ultimate rate of 3.9 percent in 2076 and later years.

The discount rate is based on the estimated yield of 20-year AA-rated municipal bonds. The overall single discount rate is 3.97%.

In the June 30, 2024 actuarial valuation, the entry age, level percentage of pay actuarial cost method was used.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 6/30/2024	$ 860,377
Changes for the year:	
Service Cost	43,505
Interest Cost	33,093
Differences between expected and actual experience	(6,468)
Changes of Assumptions	18,091
Changes of Benefit Terms	
Benefit Payments	(93,085)
Net Changes	(4,864)
Balance at 6/30/2025	$ 855,513

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97 percent) or one percentage point higher (4.97 percent) than the current rate:

District Total OPEB Liability		
1% Decrease (2.97%)	Current (3.97%)	1% Increase (4.97%)
$ 909,555	$ 855,513	$ 803,766

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.6 percent decreasing to 2.9 percent over several decades) or one percentage point higher (9.6 percent decreasing to 4.9 percent over several decades) than the current healthcare cost trend rates:

District Healthcare Cost Trend Rates		
(7.6% decreasing to 2.9%)	(8.6% decreasing to 3.9%)	(9.6% decreasing to 4.9%)
$ 796,051	$ 855,513	$ 925,049

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2025, the District recognized OPEB expense of $(11,952). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 53,392	$ 90,104
Changes in assumptions	32,675	141,532
Employer contributions paid subsequent to the measurement date	71,980	
Total	$ 158,047	$ 231,636

$71,980 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 total other postemployment benefit liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending June 30	OPEB Expense Amount
2026	$ (66,951)
2027	(66,020)
2028	(3,668)
2029	(9,360)
2030	(676)
Thereafter	1,106

NOTE 7 LONG-TERM DEBT

Changes in the District's long-term liabilities for the year ended June 30, 2025 are as follows:

Summary of Long-Term Debt

	Beginning Balance, Restated	Additions	Retired	Ending Balance	Due Within One Year
2016A School Building Bonds	$ 22,360,000	$	$ 1,270,000	$ 21,090,000	$ 1,315,000
2018A OPEB Refunding Bonds	585,000		110,000	475,000	110,000
2024A Facilities Maintenance Bonds	1,125,000			1,125,000	115,000
Unamortized Premium on Bonds	1,155,737		90,217	1,065,520	(90,217)
Total Bonds	25,225,737		1,470,217	23,755,520	1,449,783
Compensated Absences	547,031	50,372		597,403	569,600
SBITA Payable		108,199	42,475	65,724	21,157
Total Long-Term Liabilities	$ 25,772,768	$ 158,571	$ 1,512,692	$ 24,418,647	$ 2,040,540

The District's interest expense for the year ended June 30, 2025 was $663,140.

Compensated absences are presented net of additions and retirements.

A. G.O. School Building Bond, OPEB Refunding Bond, and Facilities Maintenance Bond

Date of Issue	Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 6/30/25	Amounts Due in 2025-2026 Principal	Amounts Due in 2025-2026 Interest
2016	2.0 - 4.0	2037	$ 27,870,000	$ 1,270,000	$ 21,090,000	$ 1,315,000	$ 657,250
2018	3.3 - 3.8	2029	1,080,000	110,000	475,000	110,000	17,533
2024	4.0 - 5.0	2034	1,125,000		1,125,000	115,000	53,250
				$ 1,380,000	$ 22,690,000	$ 1,540,000	$ 728,033

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2026	$ 1,540,000	$ 728,033
2027	1,580,000	665,723
2028	1,610,000	629,075
2029	1,660,000	591,750
2030	1,780,000	552,850
2031-2035	10,215,000	1,652,450
2036-2037	4,305,000	194,700
	$ 22,690,000	$ 5,014,581

B. SBITA Payable

The District entered into a subscription-based information technology arrangements (SBITA) with Renaissance for usage of curriculum-based software and with Hudl for sports streaming services. The Renaissance SBITA contract commenced on July 1, 2024, and terminates on August 1, 2029, with an annual payment of $15,994 and the Hudl SBITA commenced on September 15, 2023, and terminates on September 15, 2026, with an annual payment of $8,000.

The following is a schedule by years of future minimum payments required under the SBITA:

Year Ending June 30	Principal	Interest	Total Payments
2026	$ 21,157	$ 2,717	$ 23,874
2027	14,192	1,802	15,994
2028	14,766	1,228	15,994
2029	15,609	631	16,240
Total Future Payments	$ 65,724	$ 6,378	$ 72,102

NOTE 8 COMPENSATED ABSENCES

The District has compensated absences consisting of severance plans, vacation plans, and sick leave. The District accounts for compensated absences using a days-used approach. This approach consists of gathering the historical usage of compensated absences used to determine both a liability related to leave to be used as time off and leave to be settled in cash upon termination of employment. Salary-related employer payments are included in the calculation of the compensated absence liability. At June 30, 2025, the estimated liability under this plan was $597,403.

NOTE 9 INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2025 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Postemployment Benefits Revocable Trust Fund	$ 216,474

The due to/due from balance resulted from the elimination of a cash deficit in the Postemployment Benefits Revocable Trust Fund.

Interfund Transfers:

Transfer In	Transfer Out	Amount
Nonmajor Governmental Funds	General	$ 309,407

The purpose of the transfers was to cover the operating deficit in the community service fund.

NOTE 10 CONTINGENCIES

The District receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and aids. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2025.

The District has construction commitments of approximately $257,700 as of June 30, 2025. This does not include retainage, which has been accrued in these financial statements.

NOTE 11 RISK MANAGEMENT

The District's property and liability premiums and unemployment claims are paid by the General Fund. Worker's compensation premiums are paid by the General and Food Service Funds based on salaries. There were no significant reductions in insurance coverage from coverage in prior years and insurance settlements have not exceeded insurance coverage in any of the last three years.

The District purchases commercial insurance for property and liability, transferring the risk of loss to the insurance carrier.

The District participates in a risk pool for worker's compensation insurance. The pool in turn contracts with an insurance carrier, thereby transferring the risk from the pool members to the insurance carrier. The worker's compensation policy is retrospectively rated in that the initial premium is adjusted based on the actual experience during the coverage period of the group of entities that participate in the pool.

The District handles unemployment costs through a self-insurance plan. The District retains the risks associated with unemployment claims.

NOTE 12 NEW PRONOUNCEMENTS

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

Management has not yet determined what effect these statements will have on the District's financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
REVENUES				
Local Property Tax Levies	$ 1,440,696	$ 1,420,969	$ 1,455,750	$ 34,781
Other Local & County Revenues	310,280	1,004,585	350,193	(654,392)
Revenue From State Sources	7,468,244	7,605,340	7,901,073	295,733
Revenue From Federal Sources	273,195	321,729	301,476	(20,253)
TOTAL REVENUES	9,492,415	10,352,623	10,008,492	(344,131)
EXPENDITURES				
Current				
Administration	491,238	578,277	633,772	55,495
District Support Services	675,206	703,706	672,178	(31,528)
Elementary & Secondary Regular Instruction	3,905,389	3,941,873	3,889,842	(52,031)
Vocational Education Instruction	332,983	348,833	339,798	(9,035)
Special Education Instruction	2,179,998	2,158,662	1,957,100	(201,562)
Instructional Support Services	170,493	135,048	280,991	145,943
Pupil Support Services	721,901	666,556	662,869	(3,687)
Sites and Buildings	942,797	1,589,910	1,102,071	(487,839)
Fixed Costs	104,000	113,700	92,966	(20,734)
Debt Service				
Principal	21,753		42,475	42,475
Interest			1,001	1,001
Capital Outlay	430,785	523,141	830,818	307,677
TOTAL EXPENDITURES	9,976,543	10,759,706	10,505,881	(253,825)
Revenues Over (Under) Expenditures	(484,128)	(407,083)	(497,389)	(90,306)
OTHER FINANCING SOURCES (USES)				
Insurance Recovery Proceeds			751,111	751,111
Proceeds from Issuance of SBITA			108,199	108,199
Proceeds from Sale of Assets		17,600	17,600	
Transfer Out	(140,000)	(195,000)	(309,407)	(114,407)
TOTAL OTHER FINANCING SOURCES (USES)	(140,000)	(177,400)	567,503	744,903
Net Change in Fund Balances	(624,128)	(584,483)	70,114	654,597
Fund Balances - Beginning	2,776,887	2,776,887	2,776,887	
Fund Balances - Ending	$ 2,152,759	$ 2,192,404	$ 2,847,001	$ 654,597

See Notes to the Required Supplementary Information.

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service Cost	$ 78,364	$ 75,462	$ 76,431	$ 86,144	$ 55,772	$ 62,240	$ 43,398	$ 43,505
Interest Cost	40,424	49,484	46,461	42,530	21,783	18,216	33,134	33,093
Difference Between Expected and Actual Experience		(155,001)		(261,657)	20,090	79,403	(17,593)	(6,468)
Changes of Assumptions	(52,835)	(10,888)	39,785	(216,549)	28,546	(134,470)	(7,996)	18,091
Changes of Benefit Terms				(681)		25,002		
Benefit Payments	(89,889)	(69,329)	(87,461)	(106,662)	(71,517)	(74,486)	(90,233)	(93,085)
Net Change in Total OPEB Liability	(23,936)	(110,272)	75,216	(456,875)	54,674	(24,095)	(39,290)	(4,864)
Total OPEB Liability - Beginning	1,384,955	1,361,019	1,250,747	1,325,963	869,088	923,762	899,667	860,377
Total OPEB Liability - Ending	$ 1,361,019	$ 1,250,747	$ 1,325,963	$ 869,088	$ 923,762	$ 899,667	$ 860,377	$ 855,513
Covered Payroll	$ 3,873,851	$ 3,356,423	$ 3,356,423	$ 3,802,702	$ 4,378,834	$ 4,595,740	$ 4,023,067	$ 4,191,152
District's Total OPEB Liability as a Percentage of Covered Payroll	35.13%	37.26%	39.51%	22.85%	21.10%	19.58%	21.39%	20.41%

The District implemented GASB No. 75 for the fiscal year ended June 30, 2018. Information from prior years is not available.

See Notes to the Required Supplementary Information.

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
SCHEDULE OF DISTRICT CONTRIBUTIONS
Last 10 Years

Fiscal Year Ended June 30	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
PERA					
2016	$ 106,637	$ 106,637		$ 1,421,820	7.50 %
2017	87,526	87,526		1,167,006	7.50
2018	89,462	89,462		1,192,812	7.50
2019	92,339	92,339		1,231,981	7.50
2020	89,638	89,638		1,205,225	7.44
2021	88,128	88,128		1,175,044	7.50
2022	98,872	98,872		1,318,288	7.50
2023	104,301	104,301		1,390,671	7.50
2024	113,947	113,947		1,518,399	7.50
2025	115,897	115,897		1,545,293	7.50
TRA					
2016	$ 240,818	$ 240,818		$ 3,210,907	7.50 %
2017	192,750	192,750		2,570,000	7.50
2018	192,644	192,644		2,568,587	7.50
2019	205,455	205,455		2,654,084	7.74
2020	222,911	222,911		2,793,840	7.98
2021	246,594	246,594		3,021,526	8.16
2022	253,590	253,590		3,029,552	8.37
2023	270,836	270,836		3,156,850	8.58
2024	303,073	303,073		3,422,113	8.86
2025	339,963	339,963		3,885,291	8.75

The amounts presented for each fiscal year were determined as of the District's year end which is June 30th.

See Notes to the Required Supplementary Information.

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
SCHEDULE OF DISTRICT SHARE OF NET PENSION LIABILITY
Last 10 Years

Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District (if Applicable)	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PERA							
2015	0.0230 %	$ 1,191,979	$	$ 1,191,979	$ 1,351,411	88.20 %	78.19 %
2016	0.0229	1,859,366	24,285	1,883,651	1,421,820	130.77	68.90
2017	0.0181	1,155,492	14,541	1,170,033	1,167,006	99.01	75.90
2018	0.0177	981,923	32,243	1,014,166	1,192,812	82.32	79.53
2019	0.0175	967,536	29,999	997,535	1,231,981	78.53	80.23
2020	0.0169	1,013,232	31,207	1,044,439	1,205,225	84.07	79.06
2021	0.0161	687,542	21,007	708,549	1,175,044	58.51	87.00
2022	0.0177	1,401,846	41,055	1,442,901	1,318,288	106.34	76.67
2023	0.0175	978,580	26,852	1,005,432	1,390,671	70.37	83.10
2024	0.0180	667,006	17,239	684,245	1,518,399	43.93	89.08
TRA							
2015	0.0620 %	$ 3,835,313	$ 470,405	$ 4,305,718	$ 3,145,853	121.92 %	76.80 %
2016	0.0617	14,716,922	1,477,346	16,194,268	3,210,907	458.34	44.88
2017	0.0477	9,521,785	920,247	10,442,032	2,570,000	370.50	51.57
2018	0.0465	2,920,078	274,570	3,194,648	2,568,587	113.68	78.07
2019	0.0473	3,014,912	266,884	3,281,796	2,654,084	113.60	78.21
2020	0.0486	3,590,633	301,061	3,891,694	2,793,840	128.52	75.48
2021	0.0506	2,214,407	186,871	2,401,278	3,021,526	73.29	86.63
2022	0.0496	3,971,406	294,657	4,266,063	3,029,552	131.09	76.17
2023	0.0497	4,103,343	287,534	4,390,877	3,156,850	129.98	76.42
2024	0.0521	3,310,601	216,497	3,527,098	3,422,113	96.74	82.07

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability which is June 30 of the previous fiscal year.

See Notes to the Required Supplementary Information.

NOTE 1 BUDGETARY DATA

Budgets are prepared for District funds on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. All appropriations lapse at year end. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is not utilized in the governmental funds of the District.

The budget is adopted through the passage of a resolution. Administration can authorize the transfer of budgeted amounts within any fund. Any revisions that alter the total expenditures of any fund must be approved by the governing board. The legal level of budgetary control is the fund level. The annual appropriated budget is not legally binding on the District unless the District has a deficit fund balance which exceeds 2.5% of expenditures.

NOTE 2 DEFINED BENEFIT PLANS

PERA

2024 Changes
Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers’ compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

TRA

<u>Changes in actuarial assumptions since the 2023 valuation:</u>

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.

- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

OTHER POSTEMPLOYMENT BENEFITS

Plan Changes: None

Assumption Changes:

- The discount rate was changed from 3.86% to 3.97% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- Withdrawal retirement, and mortality rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan and 7/1/2022 Teachers Retirement Association valuations to the rates used in the 2023 experience studies.
- Salary increase rates were updated from the rates used in the 7/1/2022 PERA General Employees Plan valuation to the rates used in the 2023 experience study.
- The percent of future retirees eligible for a subsidized premium assumed to elect coverage at retirement changed from 90% to 80% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The following table provides the changes for the assumed percent of Teachers and Administrators electing each plan:

Medical Plan	Fiscal 2025 Valuation	Fiscal 2024 Valuation
PEIP - HSA Compatible	100%	70%
PEIP - Value Plan	N/A	20%
PEIP - High Plan	0%	10%

Method Changes: None

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	Special Revenue Funds			Total
	Food Service Fund	Community Service Fund	Postemployment Debt Service Fund	Nonmajor Governmental Funds
ASSETS				
Cash and Investments	$ 351,168	$ 99,030	$ 39,934	$ 490,132
Due From Department of Education	3,086	6,841		9,927
Due From MN School Districts		57,687		57,687
Inventory	13,144			13,144
TOTAL ASSETS	$ 367,398	$ 163,558	$ 39,934	$ 570,890
LIABILITIES				
Accounts Payable	$ 2,467	$ 28	$	$ 2,495
Salaries Payable		24,161		24,161
Unearned Revenue		3,890		3,890
TOTAL LIABILITIES	2,467	28,079		30,546
FUND BALANCES				
Fund Balance:				
Nonspendable: Inventory	13,144			13,144
Restricted for Food Service	351,787			351,787
Restricted for Community Education		128,692		128,692
Restricted for ECFE		6,787		6,787
Restricted for OPEB Debt Service			39,934	39,934
TOTAL FUND BALANCES	364,931	135,479	39,934	540,344
TOTAL LIABILITIES AND FUND BALANCES	$ 367,398	$ 163,558	$ 39,934	$ 570,890

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	Special Revenue Funds			Total
	Food Service Fund	Community Service Fund	Postemployment Debt Service Fund	Nonmajor Governmental Funds
REVENUES				
Local Property Tax Levies	$	$ 49,725	$ 131,921	$ 181,646
Other Local & County Revenues	37,419	87,180		124,599
Revenue From State Sources	208,802	106,991		315,793
Revenue From Federal Sources	223,892			223,892
TOTAL REVENUES	470,113	243,896	131,921	845,930
EXPENDITURES				
Current				
Community Education and Services		504,550		504,550
Pupil Support Services	397,122			397,122
Debt Service				
Principal			110,000	110,000
Interest and Fees			21,858	21,858
Capital Outlay	94,991			94,991
TOTAL EXPENDITURES	492,113	504,550	131,858	1,128,521
Revenues Over (Under) Expenditures	(22,000)	(260,654)	63	(282,591)
OTHER FINANCING SOURCES				
Transfer In		309,407		309,407
TOTAL OTHER FINANCING SOURCES		309,407		309,407
Net Change in Fund Balances	(22,000)	48,753	63	26,816
Fund Balances - Beginning	386,931	86,726	39,871	513,528
Fund Balances - Ending	$ 364,931	$ 135,479	$ 39,934	$ 540,344

SCHEDULE OF CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025

	Balance Beginning of Year	Revenues	Expenditures	Transfers	Proceeds from Sale of Equipment	Proceeds from Issuance of SBITA	Insurance Recovery Proceeds	Balance End of Year	Reclassify	Financial Statement Balance End of Year
Governmental Funds										
General Fund										
Restricted for:										
Student Activity	$ 27,587	$ 37,467	$ 27,069	$	$	$	$	$ 37,985	$	$ 37,985
Scholarship	96,208	12,510	2,000					106,718		106,718
Staff Development		98,430	98,430							
Literacy Incentive Aid	30,267	30,051	36,152					24,166		24,166
Taconite Building Maintenance	662,062	93,431	222,323					533,170		533,170
Indian Ed Aid	13,513	29,031	42,544							
Operating Capital	26,450	142,156	158,261					10,345		10,345
Learning and Development		134,333	134,333							
Gifted and Talented		8,787	8,787							
Basic Skills		602,327	602,327							
School Library Aid		40,000	40,000							
Achievement and Integration		3,035	3,035							
Safe Schools		22,563	22,563							
Literacy Aid		23,605	11,541					12,064		12,064
Teacher Comp for Read Act		21,311	21,311							
LTFM	418,287	156,149	413,588					160,848		160,848
Student Support Personnel	40,000	40,000	60,702					19,298		19,298
Medical Assistance	64,865	41,389	41,389					64,865		64,865
Unassigned	1,397,648	8,471,917	8,559,526	(309,407)	17,600	108,199	751,111	1,877,542		1,877,542
Food Service Fund										
Nonspendable	19,225			(6,081)				13,144		13,144
Restricted: Food Service	367,706	470,113	492,113	6,081				351,787		351,787
Community Service Fund										
Restricted for:										
Taconite Reefer		15,750	15,750							
Community Education	84,659	55,648	11,615					128,692		128,692
ECFE	2,067	95,682	90,962					6,787		6,787
School Readiness		74,544	383,951	309,407						
Community Service		2,272	2,272							
Unassigned										
Building Construction Fund										
Restricted: LTFM	468,843		468,843							
Unassigned										
Debt Service Fund										
Restricted: Debt Service	189,775	1,976,491	2,000,025					166,241		166,241
OPEB Debt Service Fund										
Restricted: OPEB Debt Service	39,871	131,921	131,858					39,934		39,934
OPEB Revocable Trust	1,646,695	147,063	116,513					1,677,245		1,677,245

BradyMartz

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education
Independent School District No. 712
Mountain Iron, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 712 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2025.

Legal Compliance

In connection with our audit, we noted that the District failed to comply with provisions of the contracting – bid laws section 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 as described in the schedule of findings as item 2025-003. Also, 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 depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards of the *Minnesota Legal Compliance Audit Guide for School Districts*, 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.

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

Purpose of the Report

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

Brady Martz

BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

December 9, 2025

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BradyMartz

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

To the Board of Education
Independent School District No. 712
Mountain Iron, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 712, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2025-001 and 2025-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

The District's Response to Findings

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 corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 result 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.

Brady Martz

BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

December 9, 2025

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2025-001 FINDING

Criteria
A proper system of internal control has proper segregation of duties between authorization, custody, record keeping and reconciliation.

Condition
There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keepings and reconciliation.

Cause
The District is subject to size and budget constraints limiting the number of personnel within the accounting department.

Effect
The design of internal control over financial reporting could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation
We recommend the District review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks are provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

Views of Responsible Officials and Planned Corrective Actions
The District agrees with the recommendation and will review on an annual basis.

2025-002 FINDING

Criteria
An appropriate system of internal controls requires the District to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition
The District's personnel prepare periodic financial information for internal use that meets the needs of management and the Board of Education. However, the District currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The District has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause
The District elected to not allocate resources for the preparation of the financial statements.

Effect
There is an increased risk of material misstatement to the District's financial statements.

Recommendation
We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control, the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions
The District agrees with the recommendation and will review on an annual basis.

2025-003 FINDING – MINNESOTA LEGAL COMPLIANCE – CONTRACTING – BID LAWS

Criteria
Minnesota Statute § 471.345 requires Districts to obtain sealed bids for all contracts entered into over $175,000.

Condition
We noted that the District did not obtain sealed bids on a roofing project.

Cause
Oversight

Effect
The District could possibly have paid too much for the roofing project.

Recommendation
For any projects that are entered into over $175,000, the District should obtain sealed bids solicited by public notice.

Views of Responsible Officials and Planned Corrective Actions
The District agrees with the recommendation and will implement the next time a project needs to be bid.

2025-001 FINDING

Contact Person – Reggie Engebritson, Superintendent
Corrective Action Plan – The District has the following procedures to mitigate risk:

1) Review and approval of journal entries by Superintendent.
2) Board approves checks.
3) Superintendent periodically reviews bank statement before turning it over to the business office for reconciliation.

When it becomes economically feasible, the District will hire additional personnel in the accounting department to improve segregation of duties.

Completion Date – Ongoing

2025-002 FINDING

Contact Person – Reggie Engebritson, Superintendent

Corrective Action Plan – Will establish policy to document review of financial statements and notes.

Completion Date – Ongoing

2025-003 FINDING

Contact Person – Reggie Engebritson, Superintendent

Corrective Action Plan – The District will obtain sealed bids for any project expected to exceed $175,000.

Completion Date – Immediately

INDEPENDENT SCHOOL DISTRICT NO. 712
MOUNTAIN IRON, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
June 30, 2025

District Name: INDEPENDENT SCHOOL DISTRICT NO. 712 **District Number:** 712

	Audit	UFARS	Variance
01 GENERAL FUND			
Total Revenue	10,008,492	10,008,492	
Total Expenditures	10,505,881	10,505,882	(1)
Non Spendable			
460 Non Spendable Fund Balance			
Restricted/Reserved:			
401 Student Activity	37,985	37,984	1
402 Scholarship	106,718	106,719	(1)
403 Staff Development			
407 Capital Projects Levy			
408 Cooperative Revenue			
412 Literacy Incentive Aid	24,166	24,166	
413 Project Funded by COP			
414 Operating Debt			
416 Levy Reduction			
417 Taconite Building Maintenance	533,170	533,170	
420 Indian Ed Aid			
423 Certain Teacher Programs			
424 Operating Capital	10,345	10,344	1
426 $25 Taconite			
427 Disabled Accessibility			
428 Learning & Development			
434 Area Learning Center			
435 Contracted Alt Programs			
436 State Approved Alt Program			
438 Gifted & Talented			
440 Teacher Development and Eval			
441 Basic Skills Programs			
443 School Library Aid			
448 Achievement and Integration			
449 Safe Schools Levy			
450 Prekindergarten			
451 QZAB Payments			
452 OPEB Liab Not In Trust			
453 Unfunded Sev & Retiremt Levy			
456 Literacy Aid	12,064	12,064	
459 Basic Skills Ext Time			
467 LTFM	160,848	160,850	(2)
471 Student Support Personnel	19,298	19,298	
472 Medical Assistance	64,865	64,865	
Restricted			
464 Restricted Fund Balance			
475 Title VII - Impact Aid			
476 PILT			
Committed			
418 Committed for Separation			
461 Committed			
Assigned			
462 Assigned Fund Balance			
Unassigned:			
422 Unassigned Fund Balance	1,877,542	1,877,539	3
Reconciliation of General	23,361,374	23,361,373	1
02 FOOD SERVICE			
Total Revenue	470,113	470,113	
Total Expenditures	492,113	492,113	
Non Spendable			
460 Non Spendable Fund Balance	13,144	13,144	
Restricted/Reserved:			
452 OPEB Liab Not In Trust			
Restricted			
464 Restricted Fund Balance	351,787	351,787	
Unassigned			
463 Unassigned Fund Balance			
Reconciliation of Food Service	1,327,157	1,327,157	
04 COMMUNITY SERVICE			
Total Revenue	243,896	243,896	
Total Expenditures	504,550	504,551	(1)
Non Spendable			
460 Non Spendable Fund Balance			
Restricted/Reserved:			
426 $25 Taconite			
431 Community Education	128,692	128,689	3
432 E.C.F.E.	6,787	6,785	2
440 Teacher Development & Eval			
444 School Readiness			
447 Adult Basic Education			
452 OPEB Liab Not In Trust			
Restricted			
464 Restricted Fund Balance			
Unassigned			
463 Unassigned Fund Balance			
Reconciliation of Community Service	883,925	883,921	4

	Audit	UFARS	Variance
06 BUILDING CONSTRUCTION			
Total Revenue			
Total Expenditures	468,843	468,844	(1)
Non Spendable			
460 Non Spendable Fund Balance			
Restricted/Reserved:			
407 Capital Projects Levy			
413 Projects Funded By COP			
467 LTFM			
Restricted			
464 Restricted Fund Balance			
Unassigned:			
463 Unassigned Fund Balance			
Reconciliation of Building Construction	468,843	468,844	(1)
07 DEBT SERVICE			
Total Revenue	1,976,491	1,976,491	
Total Expenditures	2,000,025	2,000,025	
Non Spendable			
460 Non Spendable Fund Balance			
Restricted/Reserved:			
425 Bond Refundings			
433 Max Effort Loan			
451 QZAB Payments			
467 LTFM			
Restricted			
464 Restricted Fund Balance	166,241	166,241	
Unassigned:			
463 Unassigned Fund Balance			
Reconciliation of Debt Service	4,142,757	4,142,757	
08 TRUST			
Total Revenue			
Total Expenditures			
Unassigned:			
422 Unassigned Fund Balance			
Reconciliation of Trust			
20 INTERNAL SERVICE			
Total Revenue			
Total Expenditures			
Unassigned:			
422 Unassigned Fund Balance			
Reconciliation of Internal Service			
25 OPEB REVOCABLE TRUST FUND			
Total Revenue	147,063	147,063	
Total Expenditures	116,513	116,513	
Unassigned:			
422 Unassigned Fund Balance	1,677,245	1,677,246	(1)
Reconciliation of OPEB Revocable Trust	1,940,821	1,940,822	(1)
45 OPEB IRREVOCABLE TRUST FUND			
Total Revenue			
Total Expenditures			
Unassigned:			
422 Unassigned Fund Balance			
Reconciliation of OPEB Irrevocable Trust			
47 OPEB DEBT SERVICE FUND			
Total Revenue	131,921	131,921	
Total Expenditures	131,858	131,858	
Non Spendable			
460 Non Spendable Fund Balance			
Restricted			
425 Bond Refunding			
464 Restricted Fund Balance	39,934	39,937	(3)
Unassigned			
463 Unassigned Fund Balance			
Reconciliation of OPEB Debt Service	303,713	303,716	(3)

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

Kennedy & Graven
CHARTERED

150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300 telephone
(612) 337-9310 fax
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$[8,620,000]
INDEPENDENT SCHOOL DISTRICT NO. 712
(MOUNTAIN IRON-BUHL PUBLIC SCHOOL)
ST. LOUIS COUNTY, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS
SERIES 2026A

We have acted as bond counsel to Independent School District No. 712 (Mountain Iron-Buhl Public School), St. Louis County, Minnesota (the "Issuer"), in connection with the issuance by the Issuer of its General Obligation School Building Refunding Bonds, Series 2026A (the "Bonds"), originally dated _________, 2026, and issued in the original aggregate principal amount of $[8,620,000]. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings, and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

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

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations, and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such

requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

5. The resolution adopted by the School Board of the Issuer on December 15, 2025, obligates the Issuer to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of that law against the State of Minnesota (the "State") in the absence of appropriated and available funds to pay the obligations of the State thereunder.

We have not been asked and have not undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering 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 update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated______________, 2026, at Minneapolis, Minnesota.

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

$[8,620,000]
INDEPENDENT SCHOOL DISTRICT NO. 712
(MOUNTAIN IRON-BUHL PUBLIC SCHOOL)
ST. LOUIS COUNTY, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS
SERIES 2026A

CONTINUING DISCLOSURE CERTIFICATE

_______________, 2026

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 712 (Mountain Iron-Buhl Public School), St. Louis County, Minnesota (the "District"), in connection with the issuance of its General Obligation School Building Refunding Bonds, Series 2026A (the "Bonds"), in the original aggregate principal amount of $[8,620,000]. The Bonds are being issued pursuant to a resolution adopted by the School Board of the District (the "Resolution"). The Bonds are being delivered to ____________________[, as syndicate manager] (the "Purchaser"), on the date hereof. Pursuant to the Resolution, the District has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The District hereby covenants and agrees as follows:

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

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

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

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

"Bonds" means the General Obligation School Building Refunding Bonds, Series 2026A, issued by the District in the original aggregate principal amount of $[8,620,000].

"Disclosure Certificate" means this Continuing Disclosure Certificate.

"District" means Independent School District No. 712 (Mountain Iron-Buhl Public School), St. Louis County, Minnesota, which is the obligated person with respect to the Bonds.

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

"Final Official Statement" means the Final Official Statement, dated _____________2026, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

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

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

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

"GASB" means the Governmental Accounting Standards Board.

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

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

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

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

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

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

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

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

Section 3. <u>Provision of Annual Financial Information and Audited Financial Statements</u>.

(a) The District shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends June 30, 2026, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate, provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

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

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

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

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

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

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

Section 5. Reporting of Material Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 712 (MOUNTAIN IRON-BUHL PUBLIC SCHOOL), ST. LOUIS COUNTY, MINNESOTA

____

Board Chair

____

Clerk

APPENDIX E

TERMS OF PROPOSAL

$8,620,000* GENERAL OBLIGATION SCHOOL BUILDING REFUNDING BONDS, SERIES 2026A
INDEPENDENT SCHOOL DISTRICT NO. 712
(MOUNTAIN IRON-BUHL PUBLIC SCHOOL), MINNESOTA

Proposals for the purchase of $8,620,000* General Obligation School Building Refunding Bonds, Series 2026A (the "Bonds") of Independent School District No. 712 (Mountain Iron-Buhl Public School), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the District, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M., Central Time, on February 23, 2026, at which time they will be opened, read and tabulated. On December 15, 2025, the School Board adopted a resolution which authorizes designated officials of the District to accept proposals on the Bonds on February 23, 2026, if the parameters and conditions set forth in the Parameters Resolution are satisfied. If the parameters and conditions set forth in the Parameters Resolution are not met through the competitive bids on February 23, 2026, the designated officials will not have the authority to accept a bid for the Bonds and all bids for the Bonds will be rejected. The Board will meet on February 23, 2026 at 4:00 P.M., Central Time, on the same date, to ratify and approve the sale of the Bonds.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 475.67, as amended, by the District, for the purpose of effecting a partial current refunding of certain outstanding general obligations of the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated March 19, 2026, 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*
2030	$1,510,000	2032	$1,735,000	2034	$1,915,000
2031	1,640,000	2033	1,820,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 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/ESCROW AGENT

The District has selected Bond Trust Services Corporation, Minneapolis, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois, to act as escrow agent (the "Escrow Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent and Escrow Agent services. The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor.

OPTIONAL REDEMPTION

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

DELIVERY

On or about March 19, 2026, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the District ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF PROPOSALS

Proposals must not be for less than $8,533,800 plus accrued interest on the principal sum of $8,620,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

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

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

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

A good faith deposit ("Deposit") in the amount of $172,400 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

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

NEW ISSUE PRICING

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

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

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

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

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

(3) the District may receive proposals from at least three underwriters of municipal bonds who have

established industry reputations for underwriting new issuances of municipal bonds; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

Information for bidders and proposal forms may be obtained from Ehlers at 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the School Board

Independent School District No. 712
(Mountain Iron-Buhl Public School), Minnesota

PROPOSAL FORM

The School Board **February 23, 2026**
Independent School District No. 712 (Mountain Iron-Buhl Public School), Minnesota (the "District")

RE: $8,620,000* General Obligation School Building Refunding Bonds, Series 2026A (the "Bonds")
DATED: March 19, 2026

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 $8,533,800) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due	2030	________	% due	2032	________	% due	2034
________	% due	2031	________	% due	2033			

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

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

A good faith deposit ("Deposit") in the amount of $172,400 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 March 19, 2026.

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

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

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

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

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

Account Manager: ______________________________ By: ______________________________
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from March 19, 2026 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. 712 (Mountain Iron-Buhl Public School), Minnesota, on February 23, 2026.

By: ______________________________ By: ______________________________

Title: ______________________________ Title: ______________________________