PRELIMINARY OFFICIAL STATEMENT DATED MARCH 22, 2024

SALE DATE AND TIME:
APRIL 3, 2024
10:00 A.M. CDT

NEW ISSUE - BOOK-ENTRY ONLY
- BANK QUALIFIED

MINNESOTA SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM+
RATING+: S&P "AAA"
S&P UNDERLYING RATING "A+" (STABLE OUTLOOK)

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 compliance with certain covenants, 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, estates, and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "TAX EXEMPTION" herein.

$1,530,000*
INDEPENDENT SCHOOL DISTRICT NO. 891
(CANBY PUBLIC SCHOOL DISTRICT)
LAC QUI PARLE, LINCOLN AND YELLOW MEDICINE COUNTIES, MINNESOTA
GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2024A

Dated Date: Date of Issuance **Due: February 1, as shown on the Inside Cover Page**

The General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds"), of Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota (the "District"), will be issued as fully registered Bonds, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry system form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive bond certificates representing their interest in the Bonds purchased. Principal is payable annually on February 1, beginning February 1, 2026 and interest, payable semiannually on each February1 and August 1 beginning August 1, 2024, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described herein. Interest on the Bonds is calculated based on a 360-day year of twelve 30-day months.

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended and Minnesota Statutes, Section 123B.595, as amended. Proceeds of the Bonds will be used to provide funds (i) for various long-term facilities maintenance projects, as described in the District's ten-year facility plan; and (ii) to pay certain costs associated with the issuance of the Bonds.

The Bonds will be valid and binding general obligations of the District. The full faith and credit and taxing powers of the District are pledged to the payment of the Bonds, and the District has validly obligated itself to levy ad valorem taxes to pay all principal and interest payments on the Bonds. In addition, the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended (Minnesota School District Credit Enhancement Program), which provides for payment by the State of Minnesota of the principal and interest on the Bonds when due in the event of a potential default of a school district debt obligation. See "SECURITY" herein for additional information.

The Bonds due on or after February 1, 2034 are subject to optional redemption prior to maturity in whole or in part on February 1, 2033, and on any date thereafter at a redemption price of par plus accrued interest to the date of optional redemption. See "THE BONDS - Optional Redemption" herein.

The Bonds are offered at public sale, subject to the approval of legality by Kennedy & Graven, Chartered, Minneapolis, Minnesota, as bond counsel. Delivery of the Bonds through the facilities of DTC will be on or about May 1, 2024.

PMA™ SECURITIES

AS MUNICIPAL ADVISOR

The date of this Official Statement is April ___, 2024

*Preliminary, subject to change.
+See "SECURITY" herein.

MATURITY SCHEDULE, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

$1,530,000* General Obligation Facilities Maintenance Bonds, Series 2024A

Maturity (February 1)	Amount ($)*	Rate (%)	Yield (%)	CUSIP[1] (137357)
2026	55,000			
2027	60,000			
2028	60,000			
2029	65,000			
2030	65,000			
2031	70,000			
2032	75,000			
2033	75,000			
2034	80,000			
2035	85,000			
2036	90,000			
2037	95,000			
2038	100,000			
2039	100,000			
2040	105,000			
2041	110,000			
2042	115,000			
2043	125,000			

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of $5,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000 bond.

[1] CUSIP data herein is provided by CUSIP Global Services (“CGS”). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Bonds.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota (the "District"), from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the District as of the date hereof (or of any such supplement or amendment), except for the omission of certain information permitted to be omitted pursuant to such Rule.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the Underwriter (as defined below). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

Any statements made in this Official Statement, including the appendices hereto, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District's beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

PMA Securities, LLC, Albertville, Minnesota, is serving as municipal advisor (the "Municipal Advisor" or "PMA") to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District and other sources having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

__________________________, _________, __________ (the "Underwriter") has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Official Statement.

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Bonds. Specifically, the Underwriter may overallot in connection with the offering, and may bid for, and purchase, the Bonds in the open market. The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

Independent School District No. 891
(Canby Public School District)
Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota
307 1st Street West
Canby, Minnesota 56220
(507) 223-2001

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School Board

Board Chair	**Vice Chair**	**Clerk**	**Treasurer**
Nathan Thorpe	Angela Leppke	Brenda Full	Tricia Bueltel

Directors
Brittany Kockelman   Suzanne Fairchild

Superintendent
Ryan Nielsen

Business Manager
Brandi Full

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Paying Agent/Registrar
Northland Trust Services, Inc.
150 South Fifth, Street, Suite 3300
Minneapolis, Minnesota 55402

Independent Auditors
Hoffman & Brobst PLLP
903 East College Drive PO Box 548
Marshall, Minnesota 56258

Bond Counsel
Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402

Municipal Advisor
PMA Securities, LLC
5298 Kyler Avenue Northeast
Albertville, Minnesota 55301

Underwriter
TBD

TABLE OF CONTENTS

Appendices:

SUMMARY OF ISSUANCE

$1,530,000*
Independent School District No. 891
(Canby Public School District)
Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota
General Obligation Facilities Maintenance Bonds, Series 2024A

Amount:	$1,530,000*
Issuer:	Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota (the "District")
Issue Type:	General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds")

Maturities*:

2/1/2026	$55,000	2/1/2032	$75,000	2/1/2038	$100,000
2/1/2027	60,000	2/1/2033	75,000	2/1/2039	100,000
2/1/2028	60,000	2/1/2034	80,000	2/1/2040	105,000
2/1/2029	65,000	2/1/2035	85,000	2/1/2041	110,000
2/1/2030	65,000	2/1/2036	90,000	2/1/2042	115,000
2/1/2031	70,000	2/1/2037	95,000	2/1/2043	125,000

Bond Rating:	S&P Global Ratings ("S&P") has assigned the Bonds a rating of "AAA" based on participation in the Minnesota School District Credit Enhancement Program. In addition, S&P has assigned its underlying rating of "A+" (Stable Outlook) to the Bonds. See "SECURITY" herein for further details.
Sale Date:	April 3, 2024
Date of Issuance:	May 1, 2024
Closing:	May 1, 2024
Interest Payment:	The Bonds will pay interest semi-annually on each February 1 and August 1, commencing on August 1, 2024. Interest is calculated on the basis of a 360-day year of twelve 30-day months.
Redemption:	The Bonds due on or after February 1, 2034 are subject to optional redemption prior to maturity in whole or in part on February 1, 2033, and on any date thereafter at a redemption price of par plus accrued interest to the date of optional redemption.
Authority and Purpose:	The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended and Minnesota Statutes, Section 123B.595, as amended. Proceeds of the Bonds will be used to provide funds (i) for various long-term facilities maintenance projects as described in the District's ten-year facility plan, and (ii) to pay certain costs associated with the issuance of the Bonds.
Security:	The Bonds will be valid and binding general obligations of the District. The full faith and credit and taxing powers of the District is pledged to the payment of the Bonds and the District has validly obligated itself to levy ad valorem taxes to pay all principal and interest payments on the Bonds. In addition, the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended (Minnesota School District Credit Enhancement Program), which provides for payment by the State of Minnesota of the principal and interest on the Bonds when due in the event of a potential default of a school district debt obligation. See "SECURITY" herein for additional information.
Book-Entry:	The Bonds will be issued in fully registered form, without coupons, in denominations of $5,000 each or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). The Bonds will be registered in the name of Cede & Co., as nominee of DTC. Principal of and the interest on the Bonds will be payable as described in "Appendix D – Book-Entry System." Purchasers will not receive physical delivery of the Bonds.
Municipal Advisor:	PMA Securities, LLC, Albertville, Minnesota (the "Municipal Advisor" or "PMA")
Underwriter:	__________________, ________________ (the "Underwriter")
Paying Agent/Registrar:	Northland Trust Services, Inc., Minneapolis, Minnesota (the "Registrar" and "Paying Agent")
Legal Opinion:	Kennedy & Graven, Chartered, Minneapolis, Minnesota ("Bond Counsel")

*Preliminary, subject to change.

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota (the "District"), in connection with the offering and sale of General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds"). This Official Statement includes the cover page, the reverse thereof and the appendices hereto. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering the purchase of the Bonds should read this Official Statement in its entirety.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

THE BONDS

General Description

The Bonds will be issued in fully registered form, without coupons, in denominations of $5,000 each or any authorized integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York ("DTC"). As long as the Bonds are held in book-entry system, principal of and the interest on the Bonds will be payable as described in "Appendix D – Book-Entry System" by the Registrar.

The Bonds will be dated as the date of issuance thereof and will mature as shown on the inside cover page of this Official Statement. Interest will be payable on each February 1 and August 1, beginning August 1, 2024.

The Bonds will accrue interest from the date of original issue or from the most recent interest payment date to which interest has been paid and duly provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of Northland Trust Services, Inc. (the "Registrar" and "Paying Agent") in Minneapolis, Minnesota. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding each interest payment date (the "Record Date").

Registration and Exchange

The Bonds may be transferred, registered and assigned only on the registration books of the Registrar (the "Register"), and such registration shall be at the expense of the District; provided, however, that the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a bond or bonds for the unredeemed portion of a Bond surrendered for redemption.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the District shall execute and the Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and maturity of authorized denominations for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the District of any fully registered Bond shall constitute full and due authorization of such Bond and the Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each series and maturity authenticated by the Registrar shall not exceed the authorized principal amount of Bonds for such series and maturity less previous retirements.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed or during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

Authority and Purpose

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended and Minnesota Statutes, Section 123B.595, as amended. The sale of the Bonds will be approved by resolutions adopted by the School Board of the District (the "Board") on January 22, 2024, and April 8, 2024 (together, the "Resolution"). Proceeds of the Bonds will be used to provide funds (i) for various long-term facilities maintenance projects described in the District's ten-year facility plan, and (ii) to pay certain costs associated with the issuance of the Bonds. See "THE PROJECT" herein.

Optional Redemption

The Bonds due on or after February 1, 2034, are subject to optional redemption prior to maturity, at the option of the District, in whole or in part in such order as the District shall determine and within a maturity by lot as selected by the Registrar, in integral multiples of $5,000, on February 1, 2033, and on any date thereafter, at a redemption price of par plus accrued interest to the optional redemption date.

Redemption Procedures

The Clerk of the Board shall cause notice of the call for redemption thereof to be published as required by law and, at least thirty (30) days prior to the designated redemption date, shall cause notice of the call for redemption to be mailed, by first class mail, to the registered owners of any Bonds to be redeemed at their addresses as they appear on the Register described in "Appendix D – Book-Entry System" but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

THE PROJECT

The proceeds of the Bonds will be used to pay for the Project. The Project includes indoor air quality/HVAC improvements at various District facilities, as described in the District's ten-year facility plan.

SECURITY

The Bonds will be payable from the District's pledge of its full faith and credit and power to levy direct general ad valorem taxes. In addition, the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended ("Minnesota School District Credit Enhancement Program"), which provides for payment by the State of Minnesota (the "State") of the principal and interest on the Bonds when due in the event of a potential default of a school district debt obligation. See "Minnesota School District Credit Enhancement Program" herein.

The proposed form of legal opinion of Bond Counsel is set forth in Appendix A.

Ratings

The District will be participating in the Minnesota School District Credit Enhancement Program ("MNCEP") for this issue and is requesting a rating from S&P Global Ratings ("S&P"). S&P has a policy which assigns a minimum rating of "AAA" to issuers participating in the MNCEP. The "AAA" rating is based on the State's current rating from S&P. See "Minnesota School District Credit Enhancement Program" for further details. In addition, S&P has assigned its underlying rating of "A+" (Stable Outlook) to the Bonds.

These ratings reflect only the view of S&P and any explanation of the significance of such rating may only be obtained from S&P. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to S&P by the District. There is no assurance that the ratings will be maintained for any given period of time or that it may not be changed by S&P, if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE," neither the District nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

Minnesota School District Credit Enhancement Program

In the resolution adopted by the Board on January 22, 2024 approving the parameters for the sale of the Bonds (the "Parameters Resolution"), the District 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 (the "State") 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 fifteen (15) working days prior to the due date (which notice is to specify certain information), and will use the provisions of the Law to have the State make payment of the principal and interest when due. The District also covenanted in the Parameters Resolution to deposit with the Paying Agent three (3) 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 to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal and interest on the Bonds, or if, on the day two (2) business days prior to the payment date, there are insufficient funds to make the payment or deposit with the Paying Agent.

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. Subdivision 2(b) of 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 purposes of this subdivision are annually appropriated to the [Department of Education] from the state general fund.

Amounts paid on behalf of any school district under the MNCEP are required to be repaid by it with interest, by a reduction in state aid available to the school district or the levy of an ad valorem tax which may be made with the approval of the Commissioner of Education. Furthermore, the State of Minnesota is subrogated to the rights of a school district in federal interest subsidy payments, if any, relating to the interest paid by the State of Minnesota under the MNCEP, unless and until the state has been reimbursed by the school district in full. In its Official Statement dated August 1, 2023, for General Obligation State Bonds, Series 2023A-E, the State of Minnesota disclosed the following statistics about the MNCEP, which information has not been independently verified:

> As of June 30, 2023, 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 2050, is approximately $17,500,000,000. 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, 2023 is currently estimated at $2,700,000,000, with the maximum amount of principal and interest payable in any one month being $1,060,000,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.
>
> The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or

substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts.

See "BONDHOLDERS' RISKS – Minnesota School District Credit Enhancement Program" for a description of certain risks.

BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment. The following is a description of possible risks, among others, to holders of the Bonds. The following discussion is not meant to be an exclusive list of risks associated with the purchase of any Bonds and does not necessarily reflect the relative importance of the various risks.

Tax Levy Procedures

Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and school 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.

Matters Relating to Enforceability of Agreements

Bondholders shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Minnesota and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Minnesota law.

The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies will result in sufficient funds to pay all amounts due under the Resolution, including principal of and interest on the Bonds.

Bankruptcy and Insolvency

The rights and remedies of the Bondholders 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 creditor's rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Minnesota. The various opinions of counsel to be delivered with respect to the Bonds and the Resolution, including the opinion of Bond Counsel, will be similarly qualified.

Minnesota School District Credit Enhancement Program

The MNCEP was not intended to create indebtedness of the State of Minnesota. Payment by the State under the provisions of the MNCEP will be dependent upon the availability of sufficient appropriations for the purpose by the Minnesota Legislature. Bond Counsel expresses no opinion as to the enforceability of the MNCEP against the State in the absence of available appropriations.

Should the District fail to comply with its covenant to comply with the requirements of the MNCEP (including but not limited to the notice requirements described above), the MNCEP would not be available to the District. In the event of such a compliance failure, if the District fails to make timely principal or interest payments on the Bonds, then Bondholders would not have the backing of the MNCEP as a guarantee of principal and interest payments on the Bonds.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

Rating Loss

S&P has assigned a rating of "AAA" to the Bonds based on participation in the MNCEP, and an underlying rating of "A+" (Stable Outlook). 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 the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "anticipated," "plan," "expect," "projected," "estimate," "budget," "pro forma," "forecast," "intend," and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the District to pay debt service when due on the Bonds.

Tax Matters and Loss of Tax Exemption

As discussed under the heading "TAX EXEMPTION" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the District in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

It is possible that actions of the District after the closing of the Bonds will alter the tax exempt status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. No provision has been made for the redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

DTC-Beneficial Owners

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through indirect Participants. Neither the District nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, indirect participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See "Appendix D – Book-Entry System."

Proposed Federal Tax Legislation

From time to time, Presidential proposals, federal legislative committee proposals or legislative proposals are made that would, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what forms any of such proposals that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. See "TAX EXEMPTION" herein.

Cybersecurity

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the District's information systems could impact business operations and systems, and the costs of remedying any such damage could be significant.

The District maintains cybersecurity insurance coverage. The District cannot predict whether this coverage would be sufficient in the event of a cyber-incident.

Pension and OPEB Information

The District participates in two statewide pension plans. See "THE DISTRICT – Employee Pension Plans" herein. As of fiscal year ended June 30, 2023, the District recorded a net pension liability of $1,188,005 for PERA and $3,667,422 for TRA. See Appendix B for the District's financial statements as of Fiscal Year Ended June 30, 2023.

The District provides post-employment benefits through the OPEB Plan, a single employer defined benefit plan that provides health insurance for certain retired employees of the District. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing the District employees and are renegotiated each two-year bargaining period. The District reported net OPEB liability in the amount of $298,394 as of fiscal year ended June 30, 2023. See Appendix B for the District's financial statements as of Fiscal Year Ended June 30, 2023.

Risk of Audit

The Internal Revenue Service has an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given as to whether the Internal Revenue Service will commence an audit of the Bonds. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Summary

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 become thoroughly familiar with this entire Official Statement and the appendices hereto.

SOURCES AND USES*

The sources and uses of funds with respect to the Bonds are estimated as follows:

Sources of Funds

Par Amount of the Bonds..................................	$	-
Net Original Issue Premium/(Discount)...........		-
Total Sources	$	-

Uses of Funds

Deposit into the Project Construction Fund	$	-
Costs of Issuance[1]...		-
Total Uses	$	-

*Preliminary, subject to change.
[1] Includes Underwriters' discount, Bond Counsel fees, Municipal Advisor fees, Registrar fees, rating agency fees and other costs of issuance.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the 1934 Act (the "Rule"), pursuant to the Resolution and Continuing Disclosure Certificate to be executed on behalf of the District and delivered on the date of closing, the District has covenanted and will covenant to enter into an undertaking (the "Undertaking") for the benefit of holders of the Bonds to provide to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, financial information and operating data relating to the District annually, and to provide notices of the occurrence of certain reportable events enumerated in the Rule to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of reportable events are set forth in the Continuing Disclosure Certificate in substantially the form attached hereto as Appendix C.

During the previous five years, the District has not failed to comply, in all material respects, with any previous undertakings it has entered into with respect to the Rule.

A failure by the District to comply with the Undertaking will not constitute a default under the Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District will file its continuing disclosure information using the MSRB's Electronic Municipal Market Access ("EMMA") system. Investors will be able to access the continuing disclosure information filed with the MSRB at www.emma.msrb.org.

The District has retained PMA to act as the District's Dissemination Agent for its continuing disclosure filings.

CERTAIN LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy and Graven, Chartered, Minneapolis, Minnesota, as bond counsel to the District ("Bond Counsel"), and will accompany the Bonds. A copy of such opinion will be available at the time of delivery of the Bonds. See "Appendix A – Form of Legal Opinion".

Bond Counsel has not examined, or attempted to examine, or verify, any of the financial or statistical statements or data contained in this Official Statement, and will express no opinion with respect thereto. The legal opinion to be delivered will express the professional judgment of Bond Counsel, and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

TAX EXEMPTION

On the date of issuance of the Bonds, Kennedy & Graven, Chartered, 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 Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Resolution, interest on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates, and trusts 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 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 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, including those relating to the expenditure of proceeds of the Bonds, requirements relating to the operation of the facilities financed by the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure, and the requirement that certain earnings on the "gross proceeds" (as defined in the Code) of the Bonds be paid to the federal government, and covenants of the Resolution may result in the inclusion of interest on the Bonds in gross income of the owners thereof for federal income tax purposes and in net taxable income of individuals, estates, and trusts for 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.

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.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof.

UNDERWRITING

The Bonds were offered for sale by the District at a public, competitive sale on April 3, 2024. The best bid submitted at the sale was submitted by ______, ____, _____ (the "Underwriter"). The District awarded the contract for sale of the Bonds to the Underwriter at a price of $_______. The Underwriter has represented to the District that the Bonds have been subsequently reoffered to the public at the approximate initial offering yields as set forth on the inside cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the Underwriter. The aggregate underwriting fee equals $______.

MUNICIPAL ADVISOR

PMA Securities, LLC, Albertville, Minnesota (the "Municipal Advisor" or "PMA") has been retained as municipal advisor in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor's knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

PMA is a broker-dealer and municipal advisor registered with the Commission and the MSRB and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, PMA generally provides fixed income brokerage services and public finance services to municipal entity clients, including municipal advisory services and advice with respect to the investment of proceeds of municipal securities. PMA is affiliated with PMA Financial Network, LLC, a financial services provider, and PMA Asset Management, LLC, an investment adviser registered with the Commission. These entities operate under common ownership with PMA and are collectively referred to in this disclosure as the "Affiliates or Affiliated Companies." Each of these Affiliates also provides services to municipal entity clients and PMA and Affiliates market the services of the other Affiliates. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the overall Affiliated Companies.

The Municipal Advisor's duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as municipal advisor with respect to, the Bonds. PMA's compensation for serving as municipal advisor on the Bonds is conditional on the final amount and successful closing of the Bonds. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

THE DISTRICT

Location

The District is situated in the City of Canby (the "City") and is comprised entirely of the cities of Canby, Porter and St. Leo and portions of fourteen townships in Yellow Medicine County (the "County"), Lac qui Parle County and Lincoln County (together, the "Counties"). The District is located in the western portion of the State approximately 30 miles northwest of Marshall and 165 miles west of the Minneapolis/St. Paul Metropolitan Area.

Elected Officials

The table below reflects the current elected officials composing the District's School Board, their titles and the dates each official's current term expires.

Title	Name	Current Term Expires
Board Chair..........................	Nathan Thorpe	December 31, 2024
Vice Chair.............................	Angela Leppke	December 31, 2024
Clerk.....................................	Brenda Full	December 31, 2024
Treasurer..............................	Tricia Bueltel	December 31, 2026
Director.................................	Suzanne Fairchild	December 31, 2026
Director.................................	Brittany Kockelman	December 31, 2026

Enrollment

The table below reflects historical enrollment utilizing the Fall Enrollment Report which includes students enrolled on October 1 and the projected enrollment for the District for the next five years.

School Year	Elementary (EC-6)	Secondary (7-12)	Total
2019-2020	308	280	588
2020-2021	274	293	567
2021-2022	285	305	590
2022-2023	301	303	604
2023-2024	291	299	590
2024-2025[1]	290	300	590
2025-2026[1]	294	294	588
2026-2027[1]	290	289	579
2027-2028[1]	292	292	584
2028-2029[1]	292	294	586

[1] Projected enrollment.
Source: The District.

Educational Facilities

The table below reflects the educational facilities and grades served, as well as current enrollment, year constructed and additions of the District.

Facility	Grades Served	Current Enrollment	Constructed	Years of Additions/Renovations
Elementary School..........................	EC-6	291	1961	1966
High School...................................	7-12	299	1951	1956/1966/1968/1976/2001

Source: The District.

Bargaining Units/Contracts

The table below reflects the bargaining units and employee groups that they represent as well as the expiration dates of current contracts for the District, all as of January 1, 2024. The District had 89 employees, including 39 non-licensed employees and 50 licensed employees (45 of which were teachers), as of January 1, 2024. The District considers its relationship with its employees to be stable and good.

Employee Group	Bargaining Unit	Expiration Date
Teachers................................	Canby Educators Association............	June 30, 2025
Principals..............................	Canby Principals Association.............	June 30, 2025

Source: The District.

Employee Pension Programs; GASB 68; OPEB Summary

All certified personnel (teachers) are covered by defined benefit plans administered by the Teachers Retirement Association (“TRA”) and belong to either the Coordinated Plan or the Basic Plan (as such terms are described in Minnesota Statutes, Chapters 354 and 356, as amended). Coordinated Plan members are covered by social security, whereas Basic Plan members are not. All new members must participate in the Coordinated Plan. Benefits for certified employees are established by Minnesota Statutes, Chapters 354 and 356, as amended.

All other full-time and certain part-time employees of the District are covered by defined benefit plans administered by the Public Employees Retirement Association (“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. GERF members belong to either the PERA Coordinated Plan or the PERA Basic Plan. Coordinated Plan members are covered by social security, whereas Basic Plan members are not. All new members must participate in the Coordinated Plan. The District provides the employer’s share for these plans.

Under Governmental Accounting Standards Board (“GASB”) Statement No. 68 (“GASB 68”), each participating employer in a cost-sharing pension plan must report the employer’s proportionate share of the net pension liability or net pension asset of the pension plan. The net pension liability is calculated as the difference between the pension plan’s total pension liability and the pension plan’s fiduciary net position. The pension plan’s total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. The pension plan’s fiduciary net position is the market value of the plan assets formally set aside in a trust and restricted to pay pension plan benefits. If the pension plan’s total pension liability exceeds the pension plan’s fiduciary net position, then a net pension liability results. If the pension plan’s fiduciary net position exceeds the pension plan’s total pension liability, then a net pension asset results.

The District provides “other post-employment benefits” (“OPEB”) (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the District and have satisfied specified eligibility standards through a single-employer defined benefit plan (the “Plan”) which provides medical and/or life insurance benefits.

See Appendix B, including the auditor’s notes and supplemental information, for a more complete description of the District’s pensions, contributions, and other liabilities. The information contained herein is intended as a general summary of the laws and information applicable to all Minnesota public schools, and is qualified in full by reference to the more specific information about the District in Appendix B.

SOCIO-ECONOMIC CHARACTERISTICS

Population Trend

The table below reflects the population statistics for the District, the City, the County and the State.

	2000	2010	2020	% Change 2010-2020
The District..............................	NA	3,660	3,401	-7.08
The City...................................	1,903	1,795	1,695	-5.57
The County	11,080	10,438	9,528	-8.72
The State	4,919,492	5,303,925	5,706,494	7.59

Source : U.S. Census Bureau.

Labor Force Data

The table below reflects comparative average labor force and unemployment rate figures. Figures are not seasonally adjusted, and numbers of people are estimated by place of residence.

	Labor Force		Average Unemployment	
Year	The County	The State	The County	The State
2019	5,377	3,108,681	3.8%	3.3%
2020	5,355	3,134,160	4.6	6.3
2021	5,066	3,039,322	3.2	3.8
2022	5,036	3,077,500	2.8	2.7
2023	4,980	3,099,163	3.2	3.0

Source: Minnesota Department of Economic Security, Research and Statistics Office.

Major/Leading Employers

The table below reflects the diversity of the employers within the District and the surrounding area by product manufactured or services performed and approximate number of employees. The table reflects the most up to date information available by each source as of February 20, 2024.

Company Name	Product or Service	Location	Approximate employees at location
Sanford Health	Nursing Care Facility	Canby	204
Sanford Canby Medical Center	Hospitals	Canby	191
The District	Public Education	Canby	89
AG Plus Co-Op	Farmers Co-Op Retail Stores	Canby	50
Jim's Market	Grocers-Retail	Canby	46
City of Porter	Government Offices	Porter	32
Minnesota West Community & Technical College	Trade & Vocational School	Canby	30
SMI & Hydraulics Inc.	Hydraulic Equipment	Porter	30
Canby Developmental Achievement	Non-Profit Organizations	Canby	26
Fertilizer Plant	Fertilizers-Retail	Canby	18

Source: The District and Data Axel Reference Solutions.

Income and Housing

The table below reflects comparative income and median home value levels for the District, the County, the State and the United States.

	The District	The County	The State	United States
Median Home Value	$154,400	$145,400	$286,800	$281,900
Median Household Income	$59,338	$70,605	$84,313	$75,149
Median Family Income	$82,095	$86,214	$107,072	$92,646
Per Capita Income	$34,412	$36,737	$44,947	$41,261

Source: 2018-2022 American Community Survey 5-year Estimates, U.S. Census Bureau

Largest Taxpayers

The table below reflects the 10 largest taxpayers within the District.

Name	Service	2022/23 Taxable Market Value	2022/2023 Net Tax Capacity	Percent of Real Property to Net Tax Capacity ($9,659,384)[(1)]
Otter Tail Power Co.	Power Lines	$ 5,691,900	$ 113,088	1.17%
Canby Farmers Grain Co.	Industrial Land and Buildings	5,024,900	99,152	1.03%
Helena Agri Enterprises LLC	Industrial Land and Buildings	3,930,600	77,039	0.80%
Individual	Residential	8,005,947	70,609	0.73%
Individual	Agricultural	7,965,933	69,313	0.72%
Monke Acres LLC	Agricultural	7,789,937	68,450	0.71%
Individual	Agricultural	8,720,309	65,697	0.68%
Individual	Agricultural	7,431,355	65,118	0.67%
Individual	Residential	7,305,562	63,607	0.66%
Individual	Agricultural	8,152,769	62,631	0.65%
Total			$ 754,704	7.81%

[(1)] Before tax increment adjustments.
Source: The County.

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MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS

Market Value Exclusion

State Law defines the "market value" of real property as the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm's length transaction. The assessor uses sales and market value income trends to estimate the value of property in an open market transaction. This value is also called the "Assessor's Estimated Market Value" or "AEMV". This value is set on January 2 of each year. Property taxes levied each year are based on the value of property on January 2 of the preceding year. According to Minnesota Statutes, Chapter 273, all real property subject to taxation is to be appraised at maximum intervals of five (5) years.

Taxable Market Value

The "Assessor's Taxable Market Value" is the amount used for calculating property taxes. The Assessor's Taxable Market Value may differ from the AEMV due to the application of special programs that exclude value from taxation.

Sales Ratio

The Minnesota Department of Revenue conducts a sales ratio study to compare real estate sales prices to local assessor valuations. The State uses the study results to ensure consistency in property assessments across the State. The 12-month study includes sales that occur from October 1 of a given year to September 30 of the following year and are compared to market values used for property taxation. The median ratio from the 12-month study is the "Sales Ratio" used to calculate the economic market values, as defined below.

Economic Market Value

The "Economic Market Value" or "EMV" reflects adjustments made to account for the effects of the Sales Ratio. The Economic Market Value is determined by taking the AEMV of real estate divided by the Sales Ratio and adding the AEMV of personal property and utility, railroads, and minerals, if any. The EMV provides an estimate of the full value of property in the District.

Net Tax Capacity

Property taxes are calculated on the basis of the net tax capacity ("Net Tax Capacity"). Net Tax Capacity is calculated by multiplying the Assessor's Taxable Market Value of a parcel by the statutory class rate for the use classification of the property. These class rates are subject to revision by the State Legislature. The table following this section contains current and historical class rates for primary property classifications.

The table below reflects a partial summary of the Class Rates by levy year/collection years:

Type of Property		2019/20	2020/21	2021/22	2022/23	2023/24
Residential Homestead						
First $500,000		1.00%	1.00%	1.00%	1.00%	1.00%
Over $500,000		1.25%	1.25%	1.25%	1.25%	1.25%
Residential Non-Homestead						
Single Unit - First $500,000		1.00%	1.00%	1.00%	1.00%	1.00%
Single Unit - Over $500,000		1.25%	1.25%	1.25%	1.25%	1.25%
2-3 units and undeveloped land		1.25%	1.25%	1.25%	1.25%	1.25%
Apartments						
Regular 4+ units		1.25%	1.25%	1.25%	1.25%	1.25%
Low-income rental housing	First:	$150,000 - 0.75%	$162,000 - 0.75%	$174,000 - 0.75%	$100,000 - 0.75%	$100,000 - 0.75%
	Over:	$150,000 - 0.25%	$162,000 - 0.25%	$174,000 - 0.25%	$100,000 - 0.25%	$100,000 - 0.25%
Agricultural Homestead						
First $500,000 - HGA		1.00%	1.00%	1.00%	1.00%	1.00%
Over $500,000 - HGA		1.25%	1.25%	1.25%	1.25%	1.25%
Land and Buildings (1)(2)	First:	$1,880,000 - 0.50%	$1,900,000 - 0.50%	$1,890,000 - 0.50%	$1,890,000 - 0.50%	$2,150,000 - 0.50%
	Over:	$1,880,000 - 1.00%	$1,900,000 - 1.00%	$1,890,000 - 1.00%	$1,890,000 - 1.00%	$2,150,000 - 1.00%
Agricultural Non-Homestead (1)(2)		1.00%	1.00%	1.00%	1.00%	1.00%
Commercial Seasonal						
Seasonal Resorts (3)						
First $500,000		1.00%	1.00%	1.00%	1.00%	1.00%
Over $500,000		1.25%	1.25%	1.25%	1.25%	1.25%
Homestead Resorts						
Up to $600,000		0.50%	0.50%	0.50%	0.50%	0.50%
$600,000-$2,300,000		1.00%	1.00%	1.00%	1.00%	1.00%
Over $2,300,000 (3)		1.25%	1.25%	1.25%	1.25%	1.25%
Seasonal Recreational						
Residential - Cabins (2)(3)						
First $500,000		1.00%	1.00%	1.00%	1.00%	1.00%
Over $500,000		1.25%	1.25%	1.25%	1.25%	1.25%
Industrial/Commercial/Utility (4)						
First $150,000 (3)		1.50%	1.50%	1.50%	1.50%	1.50%
Over $150,000 (3)		2.00%	2.00%	2.00%	2.00%	2.00%
Electric Generation Machinery		2.00%	2.00%	2.00%	2.00%	2.00%

(1) Effective for taxes payable in 2018, the Ag2School Tax Credit for each qualifying property is 40% of the property's net tax capacity multiplied by the school debt tax rate, excluding house, garage and one acre of land on an agricultural property. The reimbursement percentage has increased to 50%, 55%, and 60% for taxes payable 2020, 2021, and 2022 respectively. The reimbursement percentage for 2023 and each year thereafter has increased to 70%.
(2) Exempt from referendum market value tax.
(3) State tax is applicable to these classifications.
(4) The estimated market value of utility property is determined by the Minnesota Department of Revenue.

Tax Cycle

Local government ad valorem property taxes are extended and collected by the various counties within the State. The process begins in the fall of every year with the certification to the county auditor of all local taxing districts' property tax levies. Local tax rates are calculated by dividing each taxing district's levy by its Net Tax Capacity. One percentage point of local tax rate represents one dollar of tax per $100 Net Tax Capacity. A list of taxes due is then prepared by the county auditor and turned over to the county treasurer on or before the first Monday in January.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements (excluding manufactured homes) are to be mailed out no later than March 31, and manufactured home property tax statements no later than July 15. The due dates for payment of real and personal property taxes (excluding manufactured homes) are one-half on or before May 15 (May 31 for resorts) and one-half on or before October 15 (November 15 for farm property). Personal property taxes for manufactured homes become due one-half on or before August 31 and one-half on or before November 15.

Following each distribution (May 24, June 5, July 4, October 26, November 2, November 30† and January 25 of the following year), the county treasurer must redistribute property tax revenues to the local taxing districts in proportion to their Net Tax Capacity ratios. Delinquent property taxes are penalized at various rates depending on the type of property and the length of delinquency.

Tax Levies for General Obligation Bonds
(Minnesota Statutes, Section 475.61)

The governing body of any municipality issuing general obligations shall, prior to delivery of the obligations, levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for school districts shall be specified and such that if collected in full they, together with estimated collection of other revenues pledged for the payment of the obligations, will produce five percent in excess of the amount needed to meet when due the principal and interest payments on the obligations, rounded up to the nearest dollar; except that, with the permission of the commissioner of education, a school board may specify a tax levy in a higher amount if necessary either to meet an anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund. Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund, a special debt service fund or account created for the payment of one or more issues of obligations. The governing body may, at its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes to be filed, assessed, extended, collected and remitted as provided in Minnesota Statutes, Section 475.61, as amended, and the amount or amounts therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

The recording officer of the municipality shall file, in the office of the county auditor of each county in which any part of the municipality is located, a certified copy of the resolution, together with full information regarding the obligations for which the tax is levied. No further action by the municipality is required to authorize the extension, assessment and collection of the tax, but the

† Within 10 business days after November 15 (MINN STAT 276.111).

municipality's liability on the obligations is not limited thereto, and its governing body shall levy and cause to be extended, assessed and collected any additional taxes found necessary for full payment of the principal and interest. The auditor shall annually assess and extend upon the tax rolls the amount specified for such year in the resolution, unless the amount has been reduced as authorized below or, if the municipality is located in more than one county, the portion thereof that bears the same ratio to the whole amount as the Net Tax Capacity of taxable property in that part of the municipality located in the county bears to the Net Tax Capacity of all taxable property in the municipality.

Tax levies so made and filed shall be irrevocable, except as otherwise provided in Minnesota Statutes, Section 475.61, Subd. 3.

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FINANCIAL INFORMATION

Valuations

The table below reflects the Assessors Estimated Market Value ("AEMV") for real and personal property for 2022/2023.

	The County	Lac qui Parle County	Lincoln County	Total	Percentage
Real Property................................	$ 852,509,500	$ 119,073,500	$ 202,511,800	$ 1,174,094,800	99.36%
Personal Property.........................	6,310,900	349,100	921,000	7,581,000	0.64%
Total Valuation............................	$ 858,820,400	$ 119,422,600	$ 203,432,800	$ 1,181,675,800	100.00%

Source: The Counties.

Breakdown of Valuations

The table below reflects the Adjusted Taxable Net Tax Capacity for real and personal property for 2022/2023.

Real Property	The County	Lac qui Parle County	Lincoln County	Total	Percent of Net Tax Capacity
Residential Homestead	$ 962,411	$ 36,022	$ 51,848	$ 1,050,281	10.87%
Agricultural	5,238,028	952,550	1,516,495	7,707,073	79.79
Commercial & Industrial...	456,507	345	188	457,040	4.73
Public Utility	33,442	-	-	33,442	0.35
Non-Homestead Residential	227,684	12,394	19,463	259,541	2.69
Commercial & Residential Seasonal / Recreational.....	3,266	665	-	3,931	0.04
Personal Property	122,917	6,982	18,177	148,076	1.53
Subtotal	$ 7,044,255	$ 1,008,958	$ 1,606,171	$ 9,659,384	100.00%
Less:...					
Captured Tax Increment Tax Capacity......................	235,802	-	-	235,802	
Job Zone..	-	-	-	-	
Power lines..	-	-	-	-	
Fiscal Disparity Contribution Value..........................	-	-	-	-	
Plus: Fiscal Disparity Distribution Value.......................	-	-	-	-	
Total Taxable Net Tax Capacity	$ 6,808,453	$ 1,008,958	$ 1,606,171	$ 9,423,582	

(1) The captured tax increment value shown above represents the captured Net Tax Capacity of tax increment financing districts located in the District.
Source: The Counties.

Valuation Trends (Real and Personal Property)

The tables below reflect valuation trends over the past five (5) years.

Levy Year/ Collection Year	Assessor's Taxable Market Value	Assessor's Estimated Market Value	Sales Ratio [1]	Economic Market Value [2]
2018/2019	$ 966,767,804	$ 995,824,800	89.51%	$ 1,109,435,425
2019/2020	984,487,591	1,013,511,300	97.58%	1,038,728,650
2020/2021	981,107,559	1,010,596,600	93.85%	1,076,963,048
2021/2022	995,671,108	1,025,207,200	91.05%	1,126,704,635
2022/2023	1,152,904,129	1,181,675,800	88.61%	1,333,505,650

[1] Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, http://www.revenue.state.mn.us/propertytax/Pages/statistics-emv.aspx. The District's sales ratio was calculated by comparing the selling prices with the AEMV.
[2] Economic Market Value for the year of assessment as posted by the Minnesota Department of Revenue. http://www.revenue.state.mn.us/propertytax/Pages/statistics-imv.aspx. 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 the EMV for the District.
Source: The Counties and the Minnesota Department of Revenue.

Levy Year/ Collection Year	Net Tax Capacity [1]	Taxable Net Tax Capacity [2]	Adjusted Taxable Net Tax Capacity [3]
2018/2019	$ 7,768,380	$ 7,570,372	$ 7,570,372
2019/2020	7,996,937	7,757,074	7,757,074
2020/2021	8,040,801	7,800,087	7,800,087
2021/2022	8,207,033	7,977,092	7,977,092
2022/2023	9,659,384	9,423,582	9,423,582

[1] Net Tax Capacity includes tax increment and job zone values.
[2] Taxable Net Tax Capacity does not include tax increment, power lines and job zone values. Does not include fiscal disparity distribution value.
[3] Adjusted Taxable Net Tax Capacity does not include tax increment, power lines and job zone values. Does include fiscal disparity distribution value.
Source: The Counties.

Tax Capacity Rate

The table below reflects tax capacity rates for taxing bodies within the District, including the District, for the past five (5) years.

Taxing Body	2018/2019 Tax Capacity Rates	2019/2020 Tax Capacity Rates	2020/2021 Tax Capacity Rates	2021/2022 Tax Capacity Rates	2022/2023 Tax Capacity Rates
The District	11.091%	12.843%	12.292%	12.035%	25.593%
The County	44.436	46.273	46.584	47.707	43.640
The City	116.214	125.960	115.140	115.230	103.318
City of Porter	52.855	57.610	67.368	72.819	67.300
City of St. Leo	63.054	63.752	61.982	62.208	46.133
Burton Township	12.244	12.736	13.142	13.325	12.299
Florida Township	9.305	9.269	11.028	10.524	9.604
Fortier Township	9.733	10.537	10.643	10.613	9.885
Hammer Township	8.378	9.372	9.801	9.732	7.593
Norman Township	7.863	7.866	7.941	7.860	6.953
Omro Township	6.073	7.188	8.810	8.693	7.598
Oshkosh Township	6.018	5.771	5.670	5.706	4.981
Wergeland Township	10.868	10.704	10.317	10.138	9.470
The County Wide Upper MN RDC	0.320	0.320	0.312	0.323	0.296
The County Wide HRA	0.263	0.261	0.249	0.244	0.221
Lac qui Parle Yellow Bank Watershed	5.540	3.511	2.370	3.034	2.930
Yellow Medicine River Watershed	2.389	2.219	1.919	2.330	1.859
Lac qui Parle County	31.099	32.329	32.486	33.464	31.194
Freeland Township	3.914	3.957	3.937	3.849	3.428
Manfred Township	5.801	5.825	5.822	5.770	5.235
Providence Township	7.405	7.327	7.994	9.055	8.088
Johnson Memorial Health Services	5.807	6.967	6.940	6.800	6.348
Lac qui Parle County EDA	0.000	0.572	0.595	1.038	1.014
Region 6W	0.292	0.326	0.322	0.321	0.301
Lincoln County	38.449	35.920	40.323	39.276	28.752
Lincoln County Wide	0.146	0.135	0.172	0.151	0.116
Lincoln County Extra Wide	0.509	0.471	0.524	0.500	0.361
Alta Vista Township	6.842	6.165	7.185	6.759	4.725
Hansonville Township	11.779	10.501	12.221	8.267	3.461
Marble Township	6.785	6.145	7.010	6.600	2.760
The District-Referendum Value	0.405	0.383	0.383	0.203	0.263

Source: The Counties.

The table below reflects tax capacity rates for a resident of the City for the past five (5) years.

Taxing Body	2018/2019 Tax Capacity Rates	2019/2020 Tax Capacity Rates	2020/2021 Tax Capacity Rates	2021/2022 Tax Capacity Rates	2022/2023 Tax Capacity Rates
The District	11.091%	12.843%	12.292%	12.035%	25.593%
The County	44.436	46.273	46.584	47.707	43.640
The City	116.214	125.960	115.140	115.230	103.318
The County Wide Upper MN RDC	0.320	0.320	0.312	0.323	0.296
The County Wide HRA	0.263	0.261	0.249	0.244	0.221
Lac qui Parle Yellow Bank Watershed	1.210	1.200	1.171	1.184	1.025
Yellow Medicine River Watershed	1.204	1.119	1.148	1.195	1.033
Total	174.738%	187.976%	176.896%	177.918%	175.126%
The District-Referendum Value	0.405	0.383	0.383	0.203	0.263

Source: The County.

Tax Levies and Collections

The table below reflects tax levies and collections for the past five (5) years.

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023[1]
Original Gross Tax Levy	$1,484,274	$ 1,615,339	$ 1,639,706	$1,317,202	$2,991,239
Net Adjusted Tax Levy	$1,309,647	$ 1,366,075	$ 1,338,320	$ 992,868	$1,825,177
Amount Collected during Collection Year	$1,288,380	$ 1,347,806	$ 1,319,983	$ 980,973	N/A
Percent of Net Tax Levy Collected in Collection Year	98.38%	98.66%	98.63%	98.80%	N/A
Amount Delinquent at End of Collection Year	$ 21,267	$ 18,269	$ 18,338	$ 11,895	N/A
Total Adjusted Delinquencies Outstanding	$ 2,103	$ 2,879	$ 5,248	$ 11,267	N/A
Adjusted Amount Collected	$1,307,544	$ 1,363,196	$ 1,333,072	$ 981,601	N/A
Percent of Net Tax Levy Collected to Date	99.84%	99.79%	99.61%	98.87%	N/A

(1) In progress.
Source: The Counties.

SUMMARY OF OPERATING RESULTS

General Fund Summary

The table below reflects the District's General Fund summary for the past five (5) years, with years ended June 30.

	2019	2020	2021	2022	2023
Receipts	$ 7,154,433	$ 7,643,794	$ 7,786,874	$ 8,189,539	$ 8,694,762
Disbursements	6,332,551	6,647,945	7,877,733	7,192,469	8,186,310
Net Surplus (Deficit)	821,882	995,849	(90,859)[1]	997,070	508,452
Transfers	(49,692)	(81,401)	(53,350)	(48,371)	(35,674)
Other Sources (Uses)	2,500	-	1,800	9,850	74,941
Restatement Adjustment	-	231,709	-	-	-
Beginning Fund Balance	2,956,352	3,731,042	4,877,199	4,734,790	5,693,339
Ending Fund Balance	$ 3,731,042	$ 4,877,199	$ 4,734,790	$ 5,693,339	$ 6,241,058

[1] Deficit due to a large portion of an HVAC project paid out of the General Fund.
Source: Compiled from the District's Financial Statements for fiscal years ended June 30, 2019-2023.

Unaudited Cash and Investment Balances

The table below reflects the District's unaudited cash and investment balances as of December 31, 2023.

Fund Name	
General Fund	$ 5,734,402
Food Service Fund	267,948
Community Service Fund	82,493
Debt Service Fund	1,303,258
Construction Fund	22,447,243
Total	$ 29,835,344

Source: The District.

State Funding for Education

School districts receive 90% of their annual state aid allotment in the current fiscal year, with the remaining 10% received in the subsequent fiscal year. The 2023 Omnibus Education Bill provided a total of $2.264 billion of additional funding for Pre-K–12 Education for the fiscal year 24-25 biennium and $3.2 billion for the fiscal year 26-27 biennium. This included an increase of 4.0% on the General Education Formula in fiscal year 2024 and 2.0% in fiscal year 2025, going from $6,862 per student in fiscal year 2023, to $7,138 in fiscal year 2024, and $7,281 in fiscal year 2025. Starting in the 2025-2026 school year, increases to the formula allowance will be tied to inflation as measured by the Consumer Price Index, not to exceed 3%.

The State Legislature also focused on early childhood education programs, English learner aid and Special Education Funding, trying to close the gap in what is known as Special Education Cross Subsidy. This subsidy is defined as dollars spent from General Education Funding to offset the gap between Special Education Revenue and actual Special Education Expenditures.

The State committed an additional $300 million for early childhood programs in the fiscal year 24-25 biennium and an additional $100 million in fiscal year 26-27 biennium. For English learner aid, the State has committed $86.9 million for fiscal year 24-25 and $171.8 million for the fiscal year 26-27. The State increased the Special Education Cross Subsidy aid generating $662.8 million in fiscal year 24-25 and $821 million in fiscal year 26-27. The remaining funding is allocated across various categorical programs.

General Fund Budget Summary

The table below reflects the District's current fiscal year 2024 General Fund budget.

Beginning Fund Balance as of June 30, 2023	$ 6,241,058
Revenues	7,859,581
Expenditures	7,547,851
Net Surplus (Deficit)	311,730
Transfers	(48,000)
Other Sources (Uses)	80,000
Ending Fund Balance as of June 30, 2024	$ 6,584,788

Source: The District.

SUMMARY OF DEBT AND DEBT STATISTICS

Summary of Outstanding Debt

The table below reflects a summary of the outstanding debt of the District as of the closing of the Bonds.

Issue Description	Dated Date	Original Amount of Issue	Current Amount Outstanding	Final Maturity Date
Taxable General Obligation Alternative Facilities Bonds, Series 2014A (QZAB)	09/15/14	$ 5,400,000	$ 5,400,000	09/15/28
Taxable General Obligation Capital Facilities Bonds, Series 2014B (QZAB)	09/15/14	1,087,000	1,087,000	09/15/29
General Obligation Facilities Maintenance Bonds, Series 2019A	09/12/19	463,000	96,000	02/01/25
General Obligation School Building Bonds, Series 2022A	12/29/22	9,580,000	9,580,000	02/01/43
General Obligation School Building Bonds, Series 2023A	02/09/23	12,420,000	12,055,000	02/01/43
The Bonds	05/01/24	1,530,000*	1,530,000*	02/01/43
Total			$ 29,748,000*	

*Preliminary, subject to change.

Debt Repayment Schedule

The table below reflects the maturity schedule for the outstanding debt of the District as of the closing of the Bonds.

Issue:	Taxable General Obligation Alternative Facilities Bonds, Series 2014A (QZAB)		Taxable General Obligation Capital Facilities Bonds, Series 2014B (QZAB)		General Obligation Facilities Maintenance Bonds, Series 2019A		General Obligation School Building Bonds, Series 2022A	
Dated:	9/15/2014		9/15/2014		9/12/2019		12/29/2022	
Par Amount:	$5,400,000[1]		$1,087,000[1]		$463,000		$9,580,000	
Maturity:	Sep-15		Sep-15		Feb-01		Feb-01	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2025	-	-	-	-	96,000	1,680	-	390,700
2026	-	-	-	-	-	-	-	390,700
2027	-	-	-	-	-	-	-	390,700
2028	-	-	-	-	-	-	-	390,700
2029	5,400,000	-	-	-	-	-	250,000	390,700
2030	-	-	1,087,000	-	-	-	250,000	378,200
2031	-	-	-	-	-	-	250,000	365,700
2032	-	-	-	-	-	-	250,000	353,200
2033	-	-	-	-	-	-	250,000	343,200
2034	-	-	-	-	-	-	250,000	333,200
2035	-	-	-	-	-	-	250,000	323,200
2036	-	-	-	-	-	-	850,000	313,200
2037	-	-	-	-	-	-	885,000	279,200
2038	-	-	-	-	-	-	920,000	243,800
2039	-	-	-	-	-	-	955,000	207,000
2040	-	-	-	-	-	-	995,000	168,800
2041	-	-	-	-	-	-	1,035,000	129,000
2042	-	-	-	-	-	-	1,075,000	87,600
2043	-	-	-	-	-	-	1,115,000	44,600
	$ 5,400,000	$ -	$ 1,087,000	$ -	$ 96,000	$ 1,680	$ 9,580,000	$ 5,523,400

[1] The District makes annual mandatory sinking fund deposits from its tax levies sufficient to make the principal payment at maturity.

Issue:	General Obligation School Building Bonds, Series 2023A		The Bonds						
Dated:	2/9/2023		5/1/2024						
Par Amount:	$12,420,000		$1,530,000*						
Maturity:	Feb-01		Feb-01						
Fiscal Year	Principal	Interest	Principal*	Interest*	Total Principal*	Cumulative Amount*	Retirement Percentage*	Total Interest*	Total Debt Service*
2024	$ -	$ -	$ -	$ -	$ -	$ 29,748,000	0.00%	$ -	$ -
2025	310,000	525,600	-	50,129	406,000	29,342,000	1.36%	968,109	1,374,109
2026	415,000	510,100	55,000	70,494	470,000	28,872,000	2.94%	971,294	1,441,294
2027	430,000	489,350	60,000	67,744	490,000	28,382,000	4.59%	947,794	1,437,794
2028	440,000	467,850	60,000	64,744	500,000	27,882,000	6.27%	923,294	1,423,294
2029	205,000	445,850	65,000	61,744	5,920,000	21,962,000	26.17%	898,294	6,818,294
2030	795,000	435,600	65,000	58,494	2,197,000	19,765,000	33.56%	872,294	3,069,294
2031	845,000	395,850	70,000	55,244	1,165,000	18,600,000	37.47%	816,794	1,981,794
2032	900,000	353,600	75,000	51,744	1,225,000	17,375,000	41.59%	758,544	1,983,544
2033	955,000	308,600	75,000	47,994	1,280,000	16,095,000	45.90%	699,794	1,979,794
2034	1,005,000	270,400	80,000	44,244	1,335,000	14,760,000	50.38%	647,844	1,982,844
2035	1,055,000	230,200	85,000	40,244	1,390,000	13,370,000	55.06%	593,644	1,983,644
2036	510,000	188,000	90,000	35,994	1,450,000	11,920,000	59.93%	537,194	1,987,194
2037	530,000	167,600	95,000	31,494	1,510,000	10,410,000	65.01%	478,294	1,988,294
2038	550,000	146,400	100,000	26,744	1,570,000	8,840,000	70.28%	416,944	1,986,944
2039	575,000	124,400	100,000	22,744	1,630,000	7,210,000	75.76%	354,144	1,984,144
2040	595,000	101,400	105,000	18,744	1,695,000	5,515,000	81.46%	288,944	1,983,944
2041	620,000	77,600	110,000	14,523	1,765,000	3,750,000	87.39%	221,123	1,986,123
2042	645,000	52,800	115,000	10,035	1,835,000	1,915,000	93.56%	150,435	1,985,435
2043	675,000	27,000	125,000	5,263	1,915,000	-	100.00%	76,863	1,991,863
	$ 12,055,000	$ 5,318,200	$ 1,530,000	$ 778,360	$ 29,748,000			$ 11,621,640	$ 41,369,640

*Preliminary, subject to change.

Long-Term Lease Liability

The District entered into lease agreements for the use of copy machines and printers (together, "Print Management"), a minibus and school busses (together, "Transportation Vehicles") and a postage machine. The table below reflects the District's future minimum annual principal and interest payments required to retire these agreements as of June 30, 2023.

	Print Management		Postage Machine		Transportation Vehicles	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2024...............................	$ 14,396	$ 5,589	$ 421	$ 903	$ 21,015	$ 1,175
2025...............................	$ 16,914	$ 3,071	$ 578	$ 746	$ 17,751	$ 539
2026...............................	$ 9,535	$ 456	$ 793	$ 531	$ 3,743	$ 37
2027...............................	$ -	$ -	$ 1,090	$ 234	$ -	$ -
Total	$ 40,845	$ 9,116	$ 2,882	$ 2,414	$ 42,509	$ 1,751

Source: The District's Financial Statements for the fiscal year ended June 30, 2023.

Overlapping Debt

The table below reflects the overlapping debt of the District as of December 31, 2022.

Issuer	2022/2023 Taxable Net Tax Capacity[1]	2022/2023 Taxable Net Tax Capacity in District	Percentage Applicable to District	Outstanding General Obligation Debt	Taxpayers' Share of Debt
The County.......................................	$28,291,306	$ 6,808,453	24.07%	$ 9,550,000	$ 2,298,685
The City..	954,970	954,970	100.00%	22,894,906	22,894,906
City of St. Leo..................................	28,451	28,451	100.00%	431,675	431,675
Canby Community Hospital.............	4,468,037	4,431,801	99.19%	1,198,538	1,188,830
Total					$ 26,814,096

(1) Values shown are Adjusted Taxable Net Tax Capacities which have been adjusted for Fiscal Disparity Contribution, Tax Increment Captured Tax Capacity and 200 KV Transmission Lines.
Source: The County.

Debt Statement

The table below reflects the District's Statutory Debt Limit and Statutory Deb Margin as of the closing of the Bonds.

General Obligation Direct Debt Outstanding	$28,218,000
Plus: The Bonds	$1,530,000 *
Net Direct Debt	$29,748,000 *
Overlapping Bonded Debt	$26,814,096
Net Direct and Overlapping Bonded Debt	$56,562,096 *
Adjusted Market Value (2022/2023).[1]	$1,339,920,399
Statutory Debt Limit (15% of Adjusted Market Value)[2]	$200,988,059
Direct Debt Applicable to Debt Margin	$29,748,000 *
Statutory Debt Margin	$171,240,059 *

*Preliminary, subject to change.

(1) The District's Adjusted Market Value was calculated by dividing the Assessor's Estimated Market Value by Sales Ratio for Net Tax Capacity. Sales Ratio for Net Tax Capacity for assessment year 2022 was 88.19%, as posted by the Minnesota Department of Revenue, https://www.mndor.state.mn.us/ReportServer/Pages/ReportViewer.aspx?/Property+Tax/ANTC.

(2) Minnesota Statues, Section 475.53, subdivision 4, states that a district may not incur or be subject to a net debt in excess of fifteen percent (15%) of its estimated market value or adjusted market value, whichever results in a higher value.

Debt Ratios

The table below reflects the District's Net Direct Debt Per Capita as of the closing of the Bonds.

Economic Market Value (2022/2023)	$1,333,505,650
2020 Census Population	3,401
Net Direct Debt to Economic Market Value	2.22% *
Net Direct Debt and Overlapping Bonded Debt to Economic Market Value	4.22% *
Net Direct Debt Per Capita	$8,747 *
Net Direct and Overlapping Bonded Debt Per Capita	$16,631 *

*Preliminary, subject to change.

SHORT-TERM FINANCING RECORD

The District has not entered into any short-term cash flow borrowings in the previous five (5) years.

FUTURE FINANCING

The District does not anticipate issuing any general obligation debt in the next six (6) months.

DEFAULT RECORD

The District has no record of default and has met its principal and interest repayment obligations promptly.

THE OFFICIAL STATEMENT

This Official Statement includes the cover page, reverse thereof and the appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

Accuracy and Completeness of the Official Statement

This Official Statement has been approved by the District for distribution to the Underwriter of the Bonds.

The District's officials will provide to the Underwriter of the Bonds at the time of delivery of the Bonds, a certificate confirming to the Underwriter that, to the best of their knowledge and belief, the Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

/s/______________________________________
Business Manager
Independent School District No. 891
(Canby Public School District)
Lac qui Parle, Lincoln and Yellow Medicine
Counties, Minnesota

April __, 2024

Form of Legal Opinion of Bond Counsel

Kennedy & Graven
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Affirmative Action, Equal Opportunity Employer

$_______
INDEPENDENT SCHOOL DISTRICT NO. 891
(CANBY PUBLIC SCHOOL DISTRICT)
LAC QUI PARLE, LINCOLN AND YELLOW MEDICINE COUNTIES, MINNESOTA
GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS
SERIES 2024A

We have acted as bond counsel to Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota (the "Issuer"), in connection with the issuance by the Issuer of its General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds"), originally dated May ___, 2024, and issued in the original aggregate principal amount of $_______. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings, and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

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

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

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

5. The resolution adopted by the School Board of the Issuer on January 22, 2024, obligates the Issuer to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of that law against the State of Minnesota (the "State") in the absence of appropriated and available funds to pay the obligations of the State thereunder.

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

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

Dated _________________, 2024, at Minneapolis, Minnesota.

Appendix B

Financial Statements for Fiscal Year Ended June 30, 2023

The Financial Statements of the District contained in this Appendix B (the "Audit"), including the independent auditor's report accompanying the Audit, has been prepared by Hoffman & Brobst PLLP, Marshall, Minnesota (the "Auditor"), and approved by formal action of the Board of Education of the District. The District has not requested the Auditor to update information contained in the Audit; nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit.

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

C O N T E N T S

CONTENTS

INTRODUCTORY SECTION

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF SCHOOL BOARD MEMBERS AND OFFICIALS
JUNE 30, 2023

SCHOOL BOARD MEMBERS		TERM EXPIRES
Nathan Thorpe	Chairperson	December 31, 2024
Angela Leppke	Vice Chairperson	December 31, 2024
Brenda Full	Clerk	December 31, 2024
Tricia Bueltel	Treasurer	December 31, 2026
Brittany Kockelman	Director	December 31, 2026
Suzanne Fairchild	Director	December 31, 2026

SCHOOL OFFICIAL	
Ryan Nielsen	Superintendent

HOFFMAN &
BROBST PLLP
CERTIFIED PUBLIC ACCOUNTANTS

www.hoffmanbrobst.com | 903 E. College Drive, PO Box 548, Marshall, MN 56258 | 507.532.5735

INDEPENDENT AUDITOR'S REPORT

Members of the School Board
Independent School District No. 891
Canby, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Independent School District No. 891, Canby, Minnesota as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Independent School District No. 891, Canby, Minnesota as of June 30, 2023, 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 Independent School District No. 891, Canby, Minnesota 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.

Change in Accounting Principle

As described in Note 10 to the basic financial statements, in 2023, Independent School District No. 891, Canby, Minnesota adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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 Independent School District No. 891, Canby, Minnesota'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 Responsibility for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 891, Canby, Minnesota's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 891, Canby, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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 Independent School District No. 891, Canby, Minnesota's basic financial statements. The accompanying uniform financial accounting and reporting standards compliance table and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the uniform financial accounting and reporting standards compliance table and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the audit report. The other information comprises the introductory section and other supplementary information sections 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.

Report on Summarized Comparative Information

We have previously audited Independent School District No. 891, Canby, Minnesota's June 30, 2022 financial statements, and our report, dated December 2, 2022, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 1, 2023, on our consideration of Independent School District No. 891, Canby, Minnesota'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 Independent School District No. 891, Canby, Minnesota'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 Independent School District No. 891, Canby, Minnesota's internal control over financial reporting and compliance.

Hoffman + Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

December 1, 2023

REQUIRED SUPPLEMENTAL INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

As management of Independent School District No. 891, Canby, Minnesota, we offer readers of Independent School District No. 891, Canby, Minnesota's financial statements this narrative overview and analysis of the financial activities of Independent School District No. 891, Canby, Minnesota for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- Net position in the Statement of Net Position increased $1,626,677 from the prior year to $9,512,654. This increase was primarily the result of favorable operating results in the governmental funds and an increase in capital assets. The increase is also due to the amortization of prior year deferred inflow and outflow amounts offset by differences between actual and expected investment earnings for both the Teacher Retirement Association and Public Employees Retirement Association as it relates to pensions.

- The General Fund fund balance increased $547,719 to $6,241,058 primarily due to increases in revenue from state sources and earnings on investments, along with positive variances in all expenditure categories except district support services, exceptional instruction, site, buildings and equipment, and debt service.

- The General Fund unassigned fund balance of $4,134,126 amounts to 50.5% of annual District expenditures which exceeds the District's fund balance goal of a minimum of 25% of expenditures. The unassigned fund balance decreased $1,008,608 due to the assignment of $1,500,000 for the purpose of covering extra costs for the building remodeling/construction project.

- The District once again received federal funding during the year as a result of the grants made available through COVID-19 resources. There was an increase in revenue through the Elementary and Secondary School Emergency Relief (ESSER) Fund based on the timing of reimbursable expenditures and funds available. However, there was a decrease in revenue through the federal food service program as free meals for all students, regardless of family income, expired at the end of fiscal year 2022.

- On December 29, 2022, the District issued General Obligation School Building Bonds, Series 2022A in the amount of $9,580,000. Additionally, on February 9, 2023, the District issued additional General Obligation School Building Bonds, Series 2023A in the amount of $12,420,000. These bond issues are to provide financing for the construction of secure entrances and accessibility improvements at the high school and elementary school; the construction and equipping of a gymnasium addition and locker rooms at the high school; heating, ventilation, and air conditioning upgrades at the high school; the construction and equipping of career and technical education and art classrooms at the high school; track and field upgrades and site improvements, including the construction, installation, and equipping of an outdoor synthetic track, spectator seating area and press box; the conversion of the existing high school locker room and wrestling area into restrooms, a concession area and lobby; renovations and upgrades to the family and consumer science classroom and the creation of flexible learning spaces at the high school; and site drainage improvements at the elementary school.

- The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) in the current year which requires the establishment of a subscription asset and related subscription liability (when applicable) for all subscription arrangements with a term longer than 12 months. The District is required to evaluate each arrangement at inception to determine if it qualifies as a SBITA. The Statement requires recognition of certain subscription assets and liabilities for arrangements that previously were classified as expenditures at the time of payment, and also requires a disclosure of descriptive information about the government's SBITAs other than short-term SBITAs. No restatement of net position was required upon implementation of this standard.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts. They are:

- Independent Auditor's Report,
- Required Supplementary Information which includes the Management's Discussion and Analysis (this section),
- Basic financial statements, notes to the basic financial statements, and
- Other supplementary information, and other required reports and information.

The basic financial statements include two kinds of statements that present different views of the District:

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – rather than the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

FUND FINANCIAL STATEMENTS (Cont'd)
The District has one kind of fund:

- **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 to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information (reconciliation schedules) follows the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE FINANCIAL STATEMENTS)
NET POSITION
The District's combined net position was $9,512,654 on June 30, 2023. This was an increase of 20.6% from the previous year total of $7,885,977. A summary of the District's net position is as follows:

Net Position – Governmental Activities

	6/30/2023	6/30/2022	Percentage Change
Current and Other Assets	$35,960,247	$10,093,922	
Capital and Right of Use Assets	12,555,520	12,236,869	
Total Assets	**48,515,767**	**22,330,791**	**117.3%**
Related to OPEB	28,315	27,003	
Related to Pensions	1,485,328	1,544,782	
Total Deferred Outflows of Resources	**1,513,643**	**1,571,785**	**(3.7%)**
Current Liabilities	1,867,476	830,628	
Noncurrent Liabilities	34,780,990	9,651,098	
Total Liabilities	**36,648,466**	**10,481,726**	**249.6%**
Property Tax Levied for Subsequent Year's Expenditures	2,929,505	1,264,493	
Related to OPEB	51,817	83,698	
Related to Pensions	886,968	4,186,682	
Total Deferred Inflows of Resources	**3,868,290**	**5,534,873**	**(30.1%)**
Net Investment in Capital and Right of Use Assets	5,403,735	5,338,295	
Restricted	3,106,919	2,973,233	
Unrestricted	1,002,000	(425,551)	
Total Net Position	**$ 9,512,654**	**$ 7,885,977**	**20.6%**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE FINANCIAL STATEMENTS) (Cont'd)
CHANGE IN NET POSITION

The change in net position occurs primarily the result of positive operating results in the governmental funds and amortization of prior year deferred inflow and outflow amounts offset by differences between actual and expected investment earnings for both the Teacher Retirement Association and Public Employees Retirement Association as it relates to pensions. A summary of the District's revenues and expenses is as follows:

Change in Net Position – Governmental Activities

	6/30/2023	6/30/2022	Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 406,259	$ 273,403	
Operating Grants and Contributions	2,954,645	2,767,430	
Capital Grants and Contributions	74,612	72,917	
General Revenues			
Property Taxes	1,054,454	1,393,723	
Unallocated Federal and State Aid	5,419,332	5,111,281	
Other	409,755	71,453	
Total Revenues	**10,319,057**	**9,690,207**	**6.5%**
Expenses			
District and School Administration	568,504	639,652	
District Support Services	288,778	204,835	
Regular Instruction	2,879,397	3,080,373	
Vocational Instruction	85,590	94,240	
Exceptional Instruction	660,065	853,078	
Community Education and Services	191,673	238,101	
Instructional Support Services	189,381	217,821	
Pupil Support Services	1,455,915	1,078,366	
Site, Buildings and Equipment	1,314,430	904,614	
Fiscal and Other Fixed Cost Programs	55,495	52,937	
Interest on Long Term Debt	402,806	26,124	
Depreciation and Amortization -Unallocated	420,254	442,123	
Loss on Disposal of Assets	180,092	1,037	
Total Expenses	**8,692,380**	**7,833,301**	**11.0%**
Increase (Decrease) in Net Position	**1,626,677**	**1,856,906**	
Beginning of Year Net Position, As Originally Stated	**7,885,977**	**6,035,051**	
Prior Period Adjustment (GASB 87)	**-**	**(5,980)**	
Beginning Net Position, as Restated	**7,885,977**	**6,029,071**	
End of Year Net Position	**$ 9,512,654**	**$ 7,885,977**	**20.6%**

The District's total revenues consisted of program revenues of $3,435,516, property taxes of $1,054,454, unallocated federal and state aids of $5,419,332, earnings on investments of $338,533, and a small amount from miscellaneous other sources. Expenses totaling $8,692,380, consisted primarily of student instructional costs of $3,625,052, student support services of $1,645,296, administration costs of $857,282, site, buildings and equipment costs of $1,314,430, unallocated depreciation and amortization expenses of $420,254, community education services of $191,673, interest on long-term debt of $402,806, and minor other amounts.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE FINANCIAL STATEMENTS) (Cont'd)
CHANGE IN NET POSITION (Cont'd)
The cost of all governmental activities this year was $8,692,380.

- The users of the District's programs paid for 4.7%, or $406,259 of the costs.
- The federal and state governments subsidized certain programs with grants and contributions. This totaled $3,029,257 or 34.8% of the total costs.
- Most of the District's net cost of services ($5,256,864), however, were paid for by state taxpayers based on the statewide education aid formula and by District taxpayers.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS)
FUND BALANCE
The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of $32,125,564. This was up from $8,110,577 at the end of the prior year, an increase of $24,014,987. The General Fund increase of $547,719 occurred primarily due to the increase in students along with an increase in the formula allowance for general education aid, an increase in state special education aid, as well as an increase in earnings from investments. These increases were offset by an increase in capital outlay expenditures. The Food Service Fund had a $36,852 decrease primarily due to capital outlay expenditures. The Community Service Fund increased $1,016 after a transfer of $35,674 from the General Fund to help cover a portion of the preschool and school readiness costs. The Building Construction Fund was established during the year and had a fund balance of $22,861,025 at year end due to bond issuances and earnings from investments offset by project costs. The Debt Service Fund had an increase of $642,079 for this fiscal year due to levying for the QZAB bond payments which are to be set aside in an escrow account until the bonds mature.

REVENUES AND EXPENDITURES
Revenues and other financing sources of the District's governmental funds totaled $33,848,198. This was an increase of 247.2% from the previous year total of $9,748,814. Total expenditures and other financing uses were $9,833,211. This was an increase of 21.5% from the previous year total of $8,093,777. A summary of the revenues, expenditures, and other financing sources (uses) reported on the governmental financial statements is as follows:

Revenues and Expenditures – Governmental Funds

	Revenue	Expenditures	Other Financing Sources (Uses)	Fund Balance Increase (Decrease)
General Fund	$ 8,694,762	$ 8,186,310	$ 39,267	$ 547,719
Food Service Fund	507,809	544,661	-	(36,852)
Community Service Fund	210,856	245,514	35,674	1,016
Building Construction Fund	121,784	722,657	23,461,898	22,861,025
Debt Service Fund	740,474	98,395	-	642,079
Totals	**$ 10,275,685**	**$ 9,797,537**	**$ 23,536,839**	**$ 24,014,987**

GENERAL FUND
The General Fund is used by the District to record the primary operations of providing educational services to students from kindergarten through grade twelve. Pupil transportation activities, capital purchases, and major maintenance projects are also included in the General Fund.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS) (Cont'd)
GENERAL FUND (Cont'd)
The following schedule presents a summary of General Fund revenues and other financing sources:

Revenues– General Fund

	Year Ended 6/30/2023	Year Ended 6/30/2022	Amount Change	Percentage Change
Local Sources				
Property Taxes	$ 644,081	$ 964,647	$ (320,566)	(33.2%)
Other Local Sources	485,476	273,164	212,312	77.7%
State Sources	6,820,242	6,365,285	454,957	7.1%
Federal Sources	744,963	586,443	158,520	27.0%
Total Revenues	**8,694,762**	**8,189,539**	**505,223**	**6.2%**
Other Financing Sources				
Proceeds from Sale of Assets	-	500	(500)	(100.0%)
Insurance Recovery	74,941	6,161	68,780	1,116.4%
Issuance of Right of Use Lease	-	3,189	(3,189)	(100.0%)
Total Other Financing Sources	**74,941**	**9,850**	**65,091**	**(76.4%)**
Total Revenues and Other Financing Sources	**$ 8,769,703**	**$ 8,199,389**	**$ 570,314**	**7.0%**

The following schedule presents a summary of General Fund expenditures and other financing uses:

Expenditures – General Fund

	Year Ended 6/30/2023	Year Ended 6/30/2022	Amount Change	Percentage Change
Salaries and Wages	$ 4,158,994	$ 3,997,163	$ 161,831	4.0%
Employee Benefits	1,075,413	982,014	93,399	9.5%
Purchased Services	1,323,732	1,111,559	212,173	19.1%
Supplies and Materials	810,028	632,651	177,377	28.0%
Capital Expenditures	718,441	408,698	309,743	75.8%
Debt Service Expenditures	64,368	51,099	13,269	26.0%
Other Expenditures	35,334	9,285	26,049	280.5%
Total Expenditures	**8,186,310**	**7,192,469**	**993,841**	**13.8%**
Other Financing Uses				
Transfer to Community Service Fund	**35,674**	**48,371**	**(12,697)**	**(26.2%)**
Total Expenditures and Other Financing Uses	**$ 8,221,984**	**$ 7,240,840**	**$ 981,144**	**13.6%**

In summary, the 2022-2023 General Fund revenues and other financing sources exceeded expenditures and other financing uses by $547,719. As a result, the total fund balance increased to $6,241,058 at June 30, 2023. After deducting statutory and accounting standards restrictions and fund balance policy assignments, the unassigned fund balance decreased $1,008,608 to $4,134,126 at June 30, 2023. The District closely monitors the General Fund unassigned fund balance through its budgeting process throughout the year.

GENERAL FUND BUDGETARY HIGHLIGHTS
During the year ended June 30, 2023 the District revised its operating budget once. The revision was planned, and was necessary because when the initial budget was prepared and adopted (a budget must be in place prior to the beginning of the fiscal year on July 1) details of student enrollment numbers, salary details, staffing levels, and other significant information items were not yet definite. The final revision was made in May, 2023 to reflect significant changes in enrollment data, state funding adjustments, and unforeseen changes in expenditures categories.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS) (Cont'd)
GENERAL FUND BUDGETARY HIGHLIGHTS (Cont'd)

While the District's final budget for the General Fund anticipated that revenues and other financing sources would exceed expenditures and other financing uses by $125,362, the actual results for the year showed revenues and other financing sources exceeding expenditures and other financing uses by $547,719.

- Actual revenues were $350,294, or 4.2%, more than budget, due primarily to more than expected current year revenues from other local and county revenues and state aid, offset by lower than expected local property tax levies and federal aid.
- Actual expenditures were $33,989, or 0.4%, less than budget. This overall favorable variance was a combination of positive variances in all categories except district support services, exceptional instruction, site, buildings, and equipment, and debt service.

FOOD SERVICE FUND

The Food Service Fund revenue for 2022-2023 totaled $507,809 and expenditures were $544,661, resulting in a fund balance decrease of $36,852. This decrease is due to capital outlay expenditures. The June 30, 2023 Food Service Fund fund balance is $284,891.

COMMUNITY SERVICE FUND

In 2022-2023, the total revenues and other financing sources for the Community Service Fund were $246,530 and total expenditures were $245,514. Total revenues and other financing sources exceeded expenditures by $1,016, resulting in an increase of the same amount in the June 30, 2023 fund balance. The Community Service Fund fund balance as of June 30, 2023 is $75,548.

BUILDING CONSTRUCTION FUND

In 2022-2023, the District established the Building Construction Fund to account for the project to update school facilities. Total revenues and other financing sources were $23,583,682 and total expenditures were $722,657. The Building Construction Fund fund balance at June 30, 2023 is $22,861,025

DEBT SERVICE FUND

The Debt Service Fund revenues exceeded expenditures by $642,079 in 2022-2023. The fund balance of $2,663,042 at June 30, 2023 is restricted for meeting future debt service obligations.

CAPITAL AND RIGHT OF USE ASSETS AND DEBT ADMINISTRATION
CAPITAL AND RIGHT OF USE ASSETS

As of June 30, 2023, the District had net capital and right of use assets of $12,555,520 representing a broad range of capital and right of use assets, including school buildings and improvements, computer and audio-visual equipment, and various other equipment for instructional, support and administrative purposes. Total depreciation and amortization expense for the year was $696,295. Information about the District's capital and right of use assets is shown below. More detailed information about the District's capital and right of use assets is presented in Note 4 to the basic financial statements.

Capital and Right of Use Assets – Governmental Activities

	6/30/2023	6/30/2022	Percentage Change
Land	$ 380,664	$ 183,521	107.4%
Construction in Progress	387,549	-	100.0%
Land Improvements	225,878	225,878	0.0%
Buildings and Improvements	16,242,661	17,006,055	(4.5%)
Equipment and Vehicles	2,914,438	2,644,184	10.2%
Right of Use Assets	206,337	206,337	0.0%
Less Accumulated Depreciation and Amortization	(7,802,007)	(8,029,106)	(2.8%)
Total Net Capital and Right of Use Assets	**$12,555,520**	**$12,236,869**	**2.6%**

CAPITAL AND RIGHT OF USE ASSETS AND DEBT ADMINISTRATION (Cont'd)
DEBT ADMINISTRATION
As of June 30, 2023, the District had $28,678,000 in general obligation bonds outstanding. The District also had various other long-term liabilities as detailed in Note 5 to the basic financial statements.

- The District issued $9,580,000 and $12,420,000 in General Obligation School Building Bonds on December 29, 2022 and February 9, 2023, respectively.

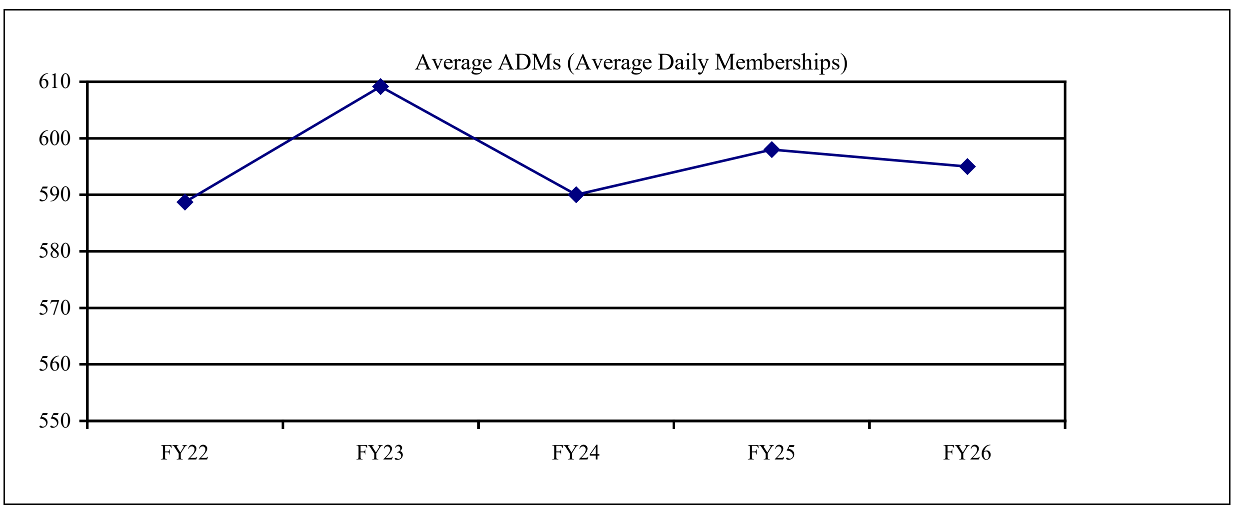
- The District continues to pay its scheduled debt payments, retiring $134,338 of bonds and lease liabilities in the year ending June 30, 2023.

Outstanding Debt

	6/30/2023	6/30/2022	Percentage Change
General Obligation Bonds	$28,678,000	$ 6,771,000	323.5%
Right of Use Leases	86,236	127,574	(32.4%)
Total	**$28,764,236**	**$ 6,898,574**	**317.0%**

FACTORS BEARING ON THE DISTRICT'S FUTURE
COVID-19 related funding once again played a factor in 2022-2023, but will be discontinued at the end of 2023-2024. The additional revenue from the CARES ACT offset most of the additional expenditures for personal protective equipment, transportation, and personnel.

For fiscal year 2024, the District is looking at ADMs of 590 which is down from the ADMs for fiscal year 2023. ADMs are estimated to remain steady just below the 600 mark over the next couple of years. An increase or decrease in adjusted ADMs directly affects the overall budget for the District. Not only does an increased enrollment generate more state aid, but it also increases the amount of funds collected from the local levy.



The District has agreed to a new collective bargaining agreement with the teacher's union for July 1, 2023 through June 30, 2025. These negotiations began in the Summer of 2023. The paraprofessionals also negotiated a new collective bargaining agreement for July 1, 2023 through June 30, 2025. Since COVID the region has experienced a significant increase in wage, salary, and benefit increases. This is a result of the shortage of teachers and other employees both regionally and nationally. To help retain and recruit employees the District is making an investment into the employees through pay and benefit increases so it can be competitive with area schools and employers.

FACTORS BEARING ON THE DISTRICT'S FUTURE (Cont'd)

Enrollment continues to be strong at Canby Public Schools. This strong enrollment provides the District with more state aid and local levy revenues. The District did add a couple of new positions this year to the teaching staff to accommodate the increased enrollment. However, there were also a couple of positions that were left unfilled due to a lack of applicants. Nationally, there is a shortage of teachers and we are not insulated from this national trend. The District needs to make sure it has the resources, facilities, and competitive wages/benefits to compete for highly qualified teachers.

In November of 2015, the District passed an operating referendum, replacing the $318 per pupil with an authorization of $976 per pupil. These local levied dollars offset the reduced amount of aid the District has received from the state over the past twenty years. Since 2001 state aid has not increased at the rate of inflation leaving a gap in funding. To cover for this gap, the District is using a local operating levy to fund all the operations of the District. The referendum revenue authorization is applicable for 10 years unless repealed or reduced as provided by law. This operating referendum will expire in 2025, but may be renewed one time without voter approval per a new MN Statute.

In the 2023 Legislative Session, the Legislature approved foundation formula increases of 4.00% and 2.00%, for the 2023-2024 and 2024-2025 fiscal years, respectively. This has a positive effect for school district operations and maintaining a balanced budget. The Legislature also approved free breakfast and lunch to all K-12 students, regardless of family income during the 2023 Legislative session. This has a positive effect for school district food service funds. Along with these, long-term facilities maintenance revenue was approved in the 2015 Legislative Session, began in 2016-2017, and will increase per pupil unit each year. This has a significant, positive effect for the District as the District has been working to maintain the facilities in the District. Economic conditions in Minnesota have been changing and hopefully the Legislature will continue to have options available to them in providing programs and support for E-12 education.

The District will continue to modernize the bus fleet by purchasing a bus each year when it fits into the budget.

Post-Secondary Enrollment Opportunities (PSEO) Legislation continues to have a negative impact on the District's General Fund budget. On average, the District is paying over $150,000 a year for students to take PSEO and College Now courses.

Canby Public Schools dedicates itself to providing three and four-year-old children access to high performance School Readiness and Early Childhood Education programs. To accomplish this mission, the District uses General Fund dollars to offset the lack of funding from state aid. The State does fund a Voluntary Pre-Kindergarten program, but this funding is only available to select districts. The District does not receive any VPK funding so therefore it must cross subsidize the difference between the revenue from tuition and other funding sources with general funds. The District is hopeful the Legislature will expand VPK funding to more districts so that the District can fund it without having to use unassigned fund balance money to pay for it.

Special education funding from both the federal and state government is not keeping up with the pace of expenditures. Cross subsidy spending occurs when districts access General Fund money to fund special education. The state of Minnesota is now providing state aid to provide some economic relief to school districts for financing this cross subsidy. These new revenues will benefit the District financially as it will help replace some of these expenditures annually so the funds can be used to support other programs.

During the spring of 2024 the District will begin work on the addition at the high school, secure entrances at both school buildings, HVAC and ADA improvements at the high school, along with the new track and football field. This project is a result of the $22,000,000 bond referendum that was passed in November of 2022. This project will provide the District with high quality facilities that will serve the communities of the District and students long into the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide District citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If one has questions about this report or needs additional financial information, contact the Business Office, Independent School District No. 891, 307 First Street West, Canby, MN 56220, visit the District website at www.canbymn.org or call (507) 223-2001

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
STATEMENT OF NET POSITION
JUNE 30, 2023
(with Partial Comparative Information as of June 30, 2022)

	Governmental Activities 2023	Governmental Activities 2022
ASSETS		
Current Assets:		
Cash and Investments	$ 13,350,063	$ 6,442,071
Property Taxes Receivable-Net	2,001,121	816,927
Accounts and Interest Receivable	10,758	3,655
Due From State of Minnesota	829,458	677,745
Due From Federal Government	230,655	193,581
Due From Other Minnesota School Districts	-	104,438
Inventory	5,403	6,385
Total Current Assets	**16,427,458**	**8,244,802**
Noncurrent Assets:		
Investments	17,055,641	-
Restricted Investments	2,477,148	1,849,120
Capital and Right of Use Assets:		
Land	380,664	183,521
Construction in Progress	387,549	-
Other Capital and Right of Use Assets, Net of Depreciation and Amortization	11,787,307	12,053,348
Total Noncurrent Assets	**32,088,309**	**14,085,989**
TOTAL ASSETS	**48,515,767**	**22,330,791**
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB	28,315	27,003
Related to Pensions	1,485,328	1,544,782
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**1,513,643**	**1,571,785**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 50,029,410**	**$ 23,902,576**
LIABILITIES		
Current Liabilities:		
Salaries Payable	$ 295,985	$ 298,174
Accounts and Interest Payable	663,910	123,505
Other Unpaid Obligations	156	182
Payroll Liabilities	240,487	280,301
Current Portion of Long-Term Liabilities	568,949	128,466
Total Current Liabilities	**1,867,476**	**830,628**
Noncurrent Liabilities:		
Noncurrent Liabilities Payable from Restricted Cash and Investments	2,477,148	1,849,120
Noncurrent Portion of Long-Term Liabilities	27,150,021	4,920,988
Net Pension Liability	4,855,427	2,602,843
Total OPEB Liability	298,394	278,147
Total Noncurrent Liabilities	**34,780,990**	**9,651,098**
TOTAL LIABILITIES	**36,648,466**	**10,481,726**
DEFERRED INFLOWS OF RESOURCES		
Property Tax Levied for Subsequent Year's Expenditures	2,929,505	1,264,493
Related to OPEB	51,817	83,698
Related to Pensions	886,968	4,186,682
TOTAL DEFERRED INFLOWS OF RESOURCES	**3,868,290**	**5,534,873**
NET POSITION		
Net Investment in Capital Assets	5,403,735	5,338,295
Restricted For:		
Debt Service	2,257,764	2,025,908
Capital Asset Acquisition	-	151,277
Food Service	284,891	321,743
Community Service	76,252	75,210
Other Activities	488,012	399,095
Unrestricted	1,002,000	(425,551)
TOTAL NET POSITION	**9,512,654**	**7,885,977**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 50,029,410**	**$ 23,902,576**

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(with Partial Comparative Information for the Year Ended June 30, 2022)

	2023					2022
		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:						
District and School Administration	$ 568,504		$ 628		$ (567,876)	$ (634,277)
District Support Services	288,778		-		(288,778)	(204,835)
Regular Instruction	2,879,397	$ 116,824	859,531		(1,903,042)	(2,215,162)
Vocational Instruction	85,590	1,340	866		(83,384)	(90,215)
Exceptional Instruction	660,065	26,411	794,082		160,428	(225,946)
Community Education and Services	191,673	94,143	74,767		(22,763)	(73,956)
Instructional Support Services	189,381	-	95,455		(93,926)	(130,377)
Pupil Support Services	1,455,915	167,541	853,126		(435,248)	64,874
Site, Buildings and Equipment	1,314,430	-	276,190		(1,038,240)	(760,353)
Fiscal and Other Fixed Cost Programs	55,495	-	-	$ 74,612	19,117	19,980
Interest on Long Term Debt	402,806	-	-	-	(402,806)	(26,124)
Depreciation and Amortization-Unallocated **	420,254	-	-	-	(420,254)	(442,123)
Loss on Disposal of Assets	180,092	-	-	-	(180,092)	(1,037)
Total Governmental Activities	**8,692,380**	**406,259**	**2,954,645**	**74,612**	**(5,256,864)**	**(4,719,551)**

** This line excludes direct depreciation and amortization expenses of the various programs

	2023	2022
General Revenues:		
Property Taxes Levied for:		
General Purposes	703,452	1,020,456
Community Education and Service	37,302	39,449
Debt Service	313,700	333,818
Federal and State Aid Not Restricted to Specific Purposes	5,419,332	5,111,281
Earnings on Investments	338,533	15,902
Miscellaneous Revenues	71,222	55,551
Total General Revenues	**6,883,541**	**6,576,457**
Change in Net Position	**1,626,677**	**1,856,906**
Net Position - Beginning of Year, As Originally Stated	**7,885,977**	**6,035,051**
Prior Period Adjustment	**-**	**(5,980)**
Net Position - Beginning of Year, As Restated	**7,885,977**	**6,029,071**
Net Position - Ending	**$ 9,512,654**	**$ 7,885,977**

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023
(with Partial Comparative Information as of June 30, 2022)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Building Construction	Debt Service	2023	2022
ASSETS							
Cash and Investments	$ 6,384,900	$ 302,090	$ 110,952	$ 22,954,233	$ 653,529	$ 30,405,704	$ 6,442,071
Current Property Taxes Receivable	403,159	-	26,635	-	1,551,819	1,981,613	798,166
Delinquent Property Taxes Receivable	11,225	-	704	-	7,579	19,508	18,761
Accounts and Interest Receivable	2,434	8,299	25	-	-	10,758	3,655
Due From Other Minnesota School Districts	-	-	-	-	-	-	104,438
Due From State of Minnesota	782,560	-	4,530	-	42,368	829,458	677,745
Due From Federal Government	218,350	-	12,305	-	-	230,655	193,581
Inventory	-	5,403	-	-	-	5,403	6,385
Cash and Investments with Escrow Agent	-	-	-	-	2,477,148	2,477,148	1,849,120
TOTAL ASSETS	**$ 7,802,628**	**$ 315,792**	**$ 155,151**	**$ 22,954,233**	**$ 4,732,443**	**$ 35,960,247**	**$ 10,093,922**
LIABILITIES							
Salaries Payable	$ 267,007		$ 28,978			$ 295,985	$ 298,174
Accounts Payable	134,249	$ 22,912	684	$ 93,208		251,053	121,434
Due To Other Minnesota School Districts	90,000	-	-			90,000	-
Other Unpaid Obligations	156	-	-	-		156	182
Payroll Liabilities	240,487	-	-	-		240,487	280,301
Unearned Revenue	-	7,989	-	-		7,989	-
TOTAL LIABILITIES	**731,899**	**30,901**	**29,662**	93,208	**$ -**	**885,670**	**700,091**
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Delinquent Property Taxes	11,225	-	704	-	7,579	19,508	18,761
Property Tax Levied for Subsequent Year's Expenditures	818,446	-	49,237	-	2,061,822	2,929,505	1,264,493
TOTAL DEFERRED INFLOWS OF RESOURCES	**829,671**	**-**	**49,941**	**-**	**2,069,401**	**2,949,013**	**1,283,254**
FUND BALANCES							
Nonspendable Fund Balances	-	5,403	-	-	-	5,403	6,385
Restricted Fund Balances	605,534	279,488	75,548	22,861,025	2,663,042	26,484,637	2,961,225
Assigned Fund Balances	1,501,398	-	-	-	-	1,501,398	233
Unassigned Fund Balances	4,134,126	-	-	-	-	4,134,126	5,142,734
TOTAL FUND BALANCES	**6,241,058**	**284,891**	**75,548**	**22,861,025**	**2,663,042**	**32,125,564**	**8,110,577**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 7,802,628**	**$ 315,792**	**$ 155,151**	**$ 22,954,233**	**$ 4,732,443**	**$ 35,960,247**	**$ 10,093,922**

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023
(with Partial Comparative Information as of June 30, 2022)

	2023	2022
Total Fund Balances for Governmental Funds	**$ 32,125,564**	**$ 8,110,577**
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right of use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Those assets consist of:		
Land	380,664	183,521
Construction in Progress	387,549	-
Other Capital and Right of Use Assets, Net of $7,802,007 of Accumulated Depreciation and Amortization	11,787,307	12,053,348
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	19,508	18,761
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(412,857)	(2,071)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions	1,485,328	1,544,782
Deferred Outflows of Resources Related to OPEB	28,315	27,003
Deferred Inflows of Resources Related to Pensions	(886,968)	(4,186,682)
Deferred Inflows of Resources Related to OPEB	(51,817)	(83,698)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds Payable	(28,678,000)	(6,771,000)
Right of Use Lease Liabilities	(86,236)	(127,574)
Unamortized Bond Premiums	(1,431,882)	-
Other Post Employment Benefits Payable	(298,394)	(278,147)
Pension Benefits Payable	(4,855,427)	(2,602,843)
Total Net Position of Governmental Activities	**$ 9,512,654**	**$ 7,885,977**

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(with Partial Comparative Information for the Year Ended June 30, 2022)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Building Construction	Debt Service	2023	2022
REVENUES							
Local Property Tax Levies	$ 644,081		$ 46,839		$ 313,139	$ 1,004,059	$ 1,347,863
Other Local and County Revenues	445,202	$ 9,208	96,438	$ 121,784	3,028	675,660	346,103
Revenue From State Sources	6,820,242	27,365	38,508	-	424,307	7,310,422	6,802,849
Revenue From Federal Sources	744,963	297,122	29,071	-	-	1,071,156	1,123,691
Sales and Other Conversion of Assets	40,274	174,114	-	-	-	214,388	70,087
TOTAL REVENUES	**8,694,762**	**507,809**	**210,856**	**121,784**	**740,474**	**10,275,685**	**9,690,593**
EXPENDITURES							
Current:							
District and School Administration	670,194					670,194	673,311
District Support Services	275,184					275,184	209,350
Regular Instruction	3,528,668					3,528,668	3,198,787
Vocational Instruction	106,825					106,825	98,100
Exceptional Instruction	998,808					998,808	898,374
Community Education and Services	-		245,514			245,514	250,234
Instructional Support Services	213,166		-			213,166	217,017
Pupil Support Services	616,837	477,215	-			1,094,052	1,010,379
Site, Buildings and Equipment	933,354	-	-	722,657		1,656,011	851,343
Fiscal and Other Fixed Cost Programs	60,465	-	-	-		60,465	59,517
Capital Outlay:	718,441	67,446	-	-		785,887	428,890
Debt Service:							
Principal	52,697	-	-	-	93,000	145,697	129,889
Interest	11,671	-	-	-	4,970	16,641	19,790
Other Debt Service Expenditures	-	-	-	-	425	425	425
TOTAL EXPENDITURES	**8,186,310**	**544,661**	**245,514**	**722,657**	**98,395**	**9,797,537**	**8,045,406**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**508,452**	**(36,852)**	**(34,658)**	**(600,873)**	**642,079**	**478,148**	**1,645,187**
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Assets	-	-	-	-	-	-	500
Issuance of Right of Use Lease	-	-	-	-	-	-	3,189
Bond Proceeds	-	-	-	22,000,000	-	22,000,000	-
Bond Issuance Premium	-	-	-	1,461,898	-	1,461,898	-
Insurance Recovery	74,941	-	-	-	-	74,941	6,161
Operating Transfers In (Out)	(35,674)	-	35,674	-	-	-	-
	39,267	**-**	**35,674**	**23,461,898**	**-**	**23,536,839**	**9,850**
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**547,719**	**(36,852)**	**1,016**	**22,861,025**	**642,079**	**24,014,987**	**1,655,037**
FUND BALANCE BEGINNING OF YEAR	**5,693,339**	**321,743**	**74,532**	**-**	**2,020,963**	**8,110,577**	**6,455,540**
FUND BALANCE END OF YEAR	**$ 6,241,058**	**$ 284,891**	**$ 75,548**	**$ 22,861,025**	**$ 2,663,042**	**$ 32,125,564**	**$ 8,110,577**

The accompanying notes are an integral part of the basic financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(with Partial Comparative Information for the Year Ended June 30, 2022)

	2023	2022
Total Net Change in Fund Balances - Governmental Funds	**$ 24,014,987**	**$ 1,655,037**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets and right of use assets financed with long-term lease liabilities are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation or amortization expense in the Statement of Activities. This is the amount by which capitalized outlays exceeds depreciation and amortization expense in the period.		
Right of Use Asset Acquired	-	3,189
Capital Outlays	1,239,763	453,993
Depreciation Expense	(696,295)	(683,507)
Proceeds from the sale of capital assets are reported in governmental funds as other financing sources without regard to any cost basis adjustment. However, for governmental activities those proceeds are adjusted for any remaining cost basis of the assets that were disposed. This is the amount of unrecovered cost on the assets sold or disposed of.	(224,817)	(1,537)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position. In the current period these amounts consist of:		
Repayment of Bond Principal	93,000	92,000
Repayment of Right of Use Leases	41,338	37,889
Long-term lease financing and other bond financing is reported as revenue (other financing sources) in governmental funds, but these proceeds increase long-term liabilities on the Statement of Net Position. In the current period these amounts consisted of:		
Bond Proceeds	(22,000,000)	-
Issuance of Right of Use Lease	-	(3,189)
Premiums associated with bond financing are reported as revenue (other financing sources) in governmental funds, but these amounts increase long-term liabilities on the Statement of Net Position.	(1,461,898)	-
Interest on long-term debt is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues regardless of when it is due. In addition the amortization of bond premiums decreases interest expense in the Statement of Activities.	(380,770)	671
Property taxes that will not be collected for several months after the District's fiscal year end are not considered available revenues in the governmental funds, and are instead considered unavailable tax revenues. They are, however, recorded as revenues in the Statement of Activities.	747	122
Governmental funds recognized pension contributions as expenditures at the time of payment, whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.		
State Aid Related to Pension Expense	42,625	(508)
Pension Expense	945,051	297,295
In the Statement of Activities, other post employment benefits are measured by the amounts actuarially accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of actual or implicit resources used.	12,946	5,451
Change in Net Position of Governmental Activities	**$ 1,626,677**	**$ 1,856,906**

The accompanying notes are an integral part of the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of Independent School District No. 891, Canby, Minnesota have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

B. FINANCIAL REPORTING ENTITY

Independent School District No. 891, Canby, Minnesota (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

U.S. Generally Accepted Accounting Principles (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

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

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with GASB Statement No. 84, Fiduciary Activities, and Minnesota State Statutes, the District's School Board does exercise control or oversight responsibility with respect to the underlying student activities. Accordingly, the student activity funds are included in these financial statements.

C. BASIC FINANCIAL STATEMENT PRESENTATION

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

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

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position are available. Depreciation and amortization expense that can be specifically identified by function is included in the direct expenses of each function. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. BASIC FINANCIAL STATEMENT PRESENTATION (Cont'd)

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

Fiduciary funds are used to account for assets held by the District in a fiduciary capacity. No assets of the District were determined to be of this nature, so no fiduciary funds are presented.

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied. 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:

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

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

Description of Funds

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

Governmental Funds

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

Food Service Fund – The Food Service Fund is used to account for food service revenues and expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Cont'd)

Description of Funds (Cont'd)

Governmental Funds (Cont'd)

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

Building Construction Fund – The Building Construction Fund is used to account for financial resources to be used for the construction of major capital facilities.

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

GASB Statement No. 34 specifies that the accounts and activities of each of the District's most significant governmental funds (termed "major funds") be reported in separate columns on the fund financial statements. Other non-major funds can be reported in total. Although only the General Fund, Building Construction Fund, and Debt Service Fund are major funds by definition, the District has elected to report all funds as major funds and therefore presents all funds in separate columns on the fund financial statements – an option permitted by GASB Statement No. 34.

E. BUDGETING

Budgets presented in this report for comparison to actual amounts are presented in accordance with U.S. generally accepted accounting principles. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Building Construction, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

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

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels. Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

Unencumbered expenditure appropriations lapse at year-end. Encumbrances are generally not recorded.

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate and government bonds, repurchase agreements and the State Treasurer's Investment Pool. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. Investments are reported at fair value.

Cash and investments at June 30, 2023 are comprised of deposits, certificates of deposit, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), and the PMA Financial Network (MN Trust). The MSDLAF and MN Trust are external investment pools not registered with the Securities and Exchange Commission (SEC) that follow the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pools is the same as the value of the pool shares.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. CASH AND INVESTMENTS (Cont'd)

The District has formal policies in place as of June 30, 2023 to address custodial credit risk for deposits. The District does not have formal policies in place to address credit risk, concentration of credit risk, interest rate risk, and custodial credit risk for investments.

G. CASH AND INVESTMENTS WITH ESCROW AGENT/RESTRICTED INVESTMENTS

Certain resources set aside for repayment of Qualified Zone Academy bond payments are classified as cash and investments with escrow agent on the Balance Sheet (restricted investments on the Statement of Net Position) because their use is limited by applicable bond covenants.

H. RECEIVABLES

Accounts receivable represent amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. Amounts due from the State of Minnesota and from other governmental units for general education aids and reimbursements under various specific programs are reported at the estimated amounts to be received based on available information at the date of this report. In some instances, adjustments and proration by these agencies, which are dependent upon the amount of funds available for distribution, may result in differing amounts actually being received. Any such differences will be absorbed into operations of the subsequent period. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are delinquent property taxes receivable, which are generally immaterial.

I. INVENTORIES

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

J. PREPAYMENTS

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

K. PROPERTY TAXES

The Board of Education annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the District. These taxes attach an enforceable lien on taxable property within the District on January 1 and are payable by the property owners in May and October of each year. The taxes are collected by the County Auditor-Treasurer and tax settlements are made to the District periodically throughout the year.

Statutory funding formulas determine the majority of the District revenue in the General and special revenue funds. This revenue is divided 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.” The remaining portion of taxes collectible in 2023 is recorded as a deferred inflow of resources (property tax levied for subsequent year’s expenditures).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. CAPITAL ASSETS

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

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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

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

M. LEASES

The District accounts for leases under GASB Statement No. 87, *Leases*. This requires the establishment of a lease liability and related right of use asset for all leases with a term longer than 12 months. The District evaluates each arrangement at inception to determine if it qualifies as a long-term lease.

The District capitalizes right of use assets at the present value of the lease payments over the lease term at the commencement date. Right of use assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Right of use assets are amortized using the straight-line method over the term of the lease.

The District records long-term leases at the present value of the lease payments over the lease term at the commencement date. Lease payments may include fixed and variable payment amounts. The District determines the relevant lease term by evaluating whether renewal and termination options are reasonably certain to be exercised. If it is not explicitly stated in the agreement, the District uses a discount rate based on the value of the asset or their incremental borrowing rate to calculate the present value of the lease payments. Lease liabilities are recorded in the government-wide financial statements, but are not reported in the fund financial statements.

Payments on leases with a term of less than 12 months are recorded as expenditures at the time of payment.

N. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District accounts for subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This requires the establishment of a subscription asset and related subscription liability (where applicable) for all SBITAs with a term longer than 12 months. Payments on subscription arrangements with a term of less than 12 months are recorded as expenditures at the time of payment. The District evaluates each subscription arrangement at inception to determine if it qualifies as a SBITA. The District has determined that none of their subscription arrangements qualify as a SBITA as of June 30, 2023.

O. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Existing bonded debt is reported at the face value of remaining indebtedness. For any new indebtedness that may be issued, bond premiums and discounts will be deferred and amortized over the life of the bonds using the straight-line method. Bonds payable will be reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. LONG-TERM OBLIGATIONS (Cont'd)

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

P. DEFERRED OUTFLOWS 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Q. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the Statement of Net Position and the governmental funds Balance Sheet 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 or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

R. DEFINED BENEFIT PENSION PLANS

The District recognized total pension expense (revenue) of $(603,550) for the following statewide pension plans in which it participates.

Teachers Retirement Association

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Teachers Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by 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. This 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 in 2015.

Public Employees Retirement Association

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 additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. VACATION AND SICK PAY

Non-certified full-time employees are granted 80 hours of vacation time per fiscal year for the first seven years of employment. After seven years, employees will earn two additional days for each additional four years of service up to 18 days. Vacation time is prorated for eligible part-time employees. Vacation time must be used within 18 months of the effective date, or it will be forfeited. Certified employees are not granted vacations. The District has not recorded the liability for vacation pay at June 30, 2023, as it is immaterial to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. VACATION AND SICK PAY (Cont'd)

Non-certified employees receive generally one day of sick leave per month accumulative to 75 days. Sick leave shall be prorated for part-time employees based on total number of hours assigned. Sick leave for certified employees is accumulated at 14 sick days per year to a maximum of 110 days. Sick leave time is not vested.

The expenditures for sick leave and vacation pay are recognized during the periods that payment is actually made and accumulated sick leave is forfeited by the employee upon termination of employment.

T. MATCHING DEFERRED ANNUITY PROGRAM

Matched deferred compensation is available to all regularly contracted teachers who have completed three years in the District and reached step four of the salary schedule. The District will match the monthly employee's contribution to an approved 403(b) annuity as outlined in the master agreement for full-time teachers. Teachers whose basic teaching contracts are between 65% and full-time and are on step four or higher will have this benefit prorated.

U. RISK MANAGEMENT

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

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

V. FUND BALANCE

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Nonspendable – consists of amounts that cannot be spent because it is not in spendable form, such as inventory items.

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – consists of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School Board itself or by an official to which the School Board delegates the authority. Pursuant to School Board resolution, the District Accounting Manager and Superintendent are authorized to establish assignments of fund balance.

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

If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned as determined by the School Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. FUND BALANCE (Cont'd)

The District has formally adopted fund balance policies for several funds as set forth in the minutes. The District's policy is to maintain a minimum of 25% of expenditures in the General Fund.

W. NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide financial statements. Net position invested in capital and right of use assets consists of capital and right of use assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of any long-term debt or lease liabilities used to build, acquire, or finance the capital and right of use assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments. All other net position items that do not meet the definition of "net investment in capital and right of use assets" or "restricted" are reported as unrestricted.

X. USE OF ESTIMATES

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

Y. RECLASSIFICATIONS

Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation. The total amount of the District's prior year fund balance did not change due to these reclassifications.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

At June 30, 2023, the District had no funds with negative fund balances.

3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the School Board, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all District deposits be secured by a bank guaranty bond, irrevocable standby letter of credit from Federal Home Loan Bank, or 110% of collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk: For deposits, is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District did not have sufficient collateral at all times during the year; however, as of June 30, 2023, the District's bank balance was not exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

3. DEPOSITS AND INVESTMENTS(Cont'd)

B. INVESTMENTS

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investments were not exposed to interest rate risk at June 30, 2023.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investments were not exposed to credit risk at June 30, 2023.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has no formal investment policy that places limits on the amount the District may invest in any one issuer. More than 5% of the District's investments are in certificates of deposits, money market accounts, municipal bonds, and U.S. treasury notes.

Custodial Credit Risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments were not exposed to custodial credit risk at June 30, 2023.

The following table presents the District's cash and investment balances at June 30, 2023:

Cash/Investment Type	Credit Rating	Average Maturities	Percentage of Total	Balance
Pooled Cash and Investments:				
Certificates of Deposit	N/A	13.5 Months	30.9%	$10,163,250
Money Market Accounts	N/A	N/A	26.5%	8,717,640
Municipal Bonds	AA- to AAA	20.1 Months	23.1%	7,598,927
U.S. Treasury Notes	AA+	19.8 Months	10.1%	3,318,164
Liquid Asset Checking	N/A	N/A	0.9%	291,442
Federal Agency Bonds	AA+	3.6 Months	0.6%	197,122
Checking Accounts	N/A	N/A	0.4%	119,159
				30,405,704
Cash and Investments with Escrow Agent:				
Certificates of Deposit	N/A	2.5 months	7.5%	**2,477,148**
Total Cash and Investments			**100.0%**	**$32,882,852**

Cash and Investments are presented in the June 30, 2023 basic financial statements as follows:

Statement of Net Position:	
Current Assets:	
Cash and Investments	$ 13,350,063
Noncurrent Assets:	
Investments	17,055,641
Restricted Investments	2,477,148
Total Cash and Investments	**$ 32,882,852**

3. DEPOSITS AND INVESTMENTS (Cont'd)

C. FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The Governmental Accounting Standards Board (GASB) establishes a hierarchy for grouping assets and liabilities, based on the significance of inputs used to measure fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The entity has the following recurring fair value measurements as of June 30, 2023:

- Fixed income securities - Fixed income securities are valued using market corroborated inputs.

There were no level 1 or 3 inputs as of June 30, 2023.

The following table sets forth by level, within the fair value hierarchy, the District's investments at fair value as of June 30, 2023.

	2023		
	Fair Value	**Quoted Prices in Active Markets For Identical Assets Level 1**	**Significant Observable Inputs Level 2**
Investments by Fair Value Level			
Fixed Income Securities			
Municipal Bonds	$ 7,598,927	$ -	$ 7,598,927
U.S Treasury Notes	3,318,164	-	3,318,164
Federal Agency Bonds	197,122	-	197,122
Total Fixed Income Securities	11,114,213	-	11,114,213
Total Investments by Fair Value Level	$ 11,114,213	$ -	$ 11,114,213

3. DEPOSITS AND INVESTMENTS (Cont'd)

C. FAIR VALUE MEASUREMENT (Cont'd)

A summary of Cash and Investments as of June 30, 2023 is as follows:

Investments Disclosed by Fair Value Level	$ 11,114,213
Accounts not Disclosed by Fair Value Level:	
Certificates of Deposit	12,640,398
Money Market Accounts	8,717,640
Liqiud Asset Checking	291,442
Checking Accounts	119,159
Total Cash and Investments	**$ 32,882,852**

4. CAPITAL AND RIGHT OF USE ASSETS

Capital and right of use asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	$ -	$ 387,549	$ -	$ 387,549
Land	183,521	197,143	-	380,664
Total Capital Assets, Not Being Depreciated	**183,521**	**584,692**	**-**	**768,213**
Capital Assets, Being Depreciated				
Land Improvements	225,878	-	-	225,878
Buildings and Improvements	17,006,055	166,766	930,160	16,242,661
Equipment and Transportation Vehicles	2,644,184	488,305	218,051	2,914,438
Total Capital Assets, Being Depreciated	**19,876,117**	**655,071**	**1,148,211**	**19,382,977**
Right of Use Assets, Being Amortized				
Leased Transportation Vehicles	135,005	-	-	135,005
Leased Office Equipment	71,332	-	-	71,332
Total Right of Use Assets, Being Amortized	**206,337**	**-**	**-**	**206,337**
Accumulated Depreciation for:				
Land Improvements	150,780	11,294	-	162,074
Buildings and Improvements	6,286,227	389,210	724,307	5,951,130
Equipment and Transportation Vehicles	1,504,112	259,030	199,087	1,564,055
Accumulated Amortization for:				
Leased Transportation Vehicles	67,544	22,495	-	90,039
Leased Office Equipment	20,443	14,266	-	34,709
Total Accumulated Depreciation and Amortization	**8,029,106**	**696,295**	**923,394**	**7,802,007**
Total Capital and Right of Use Assets, Being Depreciated and Amortized, Net	**12,053,348**			**11,787,307**
Governmental Activities Capital and Right of Use Assets, Net	**$12,236,869**			**$12,555,520**

4. CAPITAL AND RIGHT OF USE ASSETS (Cont'd)

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

Governmental Activities	
District Support Services	$ 2,001
Regular Instruction	111,058
Vocational Instruction	521
Exceptional Instruction	4,344
Instructional Support	10,333
Pupil Support Services	120,530
Site, Buildings and Equipment	27,254
Unallocated	420,254
Total Depreciation and Amortization Expense, Governmental Activities	**$ 696,295**

5. LONG-TERM LIABILITIES

A. DESCRIPTION OF LONG-TERM DEBT

Under the provisions of Minnesota Statute §475.53 subd. 4, the District's net debt may not exceed 15% of the estimated market value of all taxable property within the District. The District is in compliance with this provision.

Long-term debt is comprised of the following as of June 30, 2023:

Governmental Activities	Interest Rate	Original Issue	Maturity Date	Debt Outstanding
Alternative Facilities Bonds, Series 2014A (QZAB)	0.00%	$ 5,400,000	09/15/2028	$ 5,400,000
Capital Facilities Bonds, Series 2014B (QZAB)	0.00%	$ 1,087,000	09/15/2029	1,087,000
General Obligation Facilities Maintenance Bonds, Series 2019A	1.75%	$ 463,000	02/01/2025	191,000
General Obligation School Building Bonds, Series 2022A	4.00 – 5.00%	$ 9,580,000	02/01/2043	9,580,000
General Obligation School Building Bonds, Series 2023A	4.00 – 5.00%	$12,420,000	02/01/2043	12,420,000
Long-Term Lease Liabilities				
Right of Use Leases				
Print Management	16.23%	$ 68,143	12/21/2025	40,845
Postage Machine	33.01%	$ 3,189	02/27/2027	2,882
2003 Chevrolet Bluebird Minibus	4.50%	$ 31,680	08/01/2024	5,085
2007 Thomas Freightliner School Bus	4.50%	$ 51,663	12/01/2024	14,640
2008 Thomas Freightliner School Bus	4.50%	$ 51,663	10/01/2025	22,784
Unamortized Premiums				1,431,882
Total Outstanding Long-Term Debt				**$30,196,118**

General Obligation Bonds

On September 12, 2019 the District issued $463,000 of General Obligation Facilities Maintenance Bonds, Series 2019A. The proceeds of this bond issue were for a heating, ventilation, and air conditioning project at the District High School. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2022-2023 was $4,970.

5. LONG-TERM LIABILITIES (Cont'd)

A. DESCRIPTION OF LONG-TERM DEBT (Cont'd)

General Obligation Bonds (Cont'd)

On December 29, 2022, the District issued $9,580,000 of General Obligation School Building Bonds, Series 2022A. The proceeds of this bond issue are for the construction of secure entrances and accessibility improvements at the high school and elementary school; the construction and equipping of a gymnasium addition and locker rooms at the high school; heating, ventilation, and air conditioning upgrades at the high school; the construction and equipping of career and technical education and art classrooms at the high school; track and field upgrades and site improvements, including the construction, installation, and equipping of an outdoor synthetic track, spectator seating area and press box; the conversion of the existing high school locker room and wrestling area into restrooms, a concession area and lobby; renovations and upgrades to the family and consumer science classroom and the creation of flexible learning spaces at the high school; and site drainage improvements at the elementary school. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. There was no interest paid in 2022-2023.

On February 9, 2023, the District issued $12,420,000 of General Obligation School Building Bonds, Series 2023A. The proceeds of this bond issue are for the construction of secure entrances and accessibility improvements at the high school and elementary school; the construction and equipping of a gymnasium addition and locker rooms at the high school; heating, ventilation, and air conditioning upgrades at the high school; the construction and equipping of career and technical education and art classrooms at the high school; track and field upgrades and site improvements, including the construction, installation, and equipping of an outdoor synthetic track, spectator seating area and press box; the conversion of the existing high school locker room and wrestling area into restrooms, a concession area and lobby; renovations and upgrades to the family and consumer science classroom and the creation of flexible learning spaces at the high school; and site drainage improvements at the elementary school. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. There was no interest paid in 2022-2023.

Qualified Zone Academy Bonds

On August 12, 2014, the District entered into an agreement with Minnesota Bank and Trust for $5,400,000 of General Obligation Alternative Facilities Bonds, Series 2014A (Qualified Zone Academy Bonds). The proceeds of this bond issue were for ventilation, air handling and indoor air quality improvements to the existing facilities. The bonds do not bear interest. Annual payments ranging from $175,000 to $570,000 will be made to a reserve account at Minnesota Bank and Trust. The reserve account holds the cash until the bonds' maturity on September 15, 2028, at which time the balance in the reserve account will pay off the bonds. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. A payment of $520,000 was made to the reserve account during 2022-2023. Interest paid was $-0- in 2022-2023.

On August 12, 2014, the District entered into an agreement with Minnesota Bank and Trust for $1,087,000 of General Obligation Capital Facilities Bonds, Series 2014B (Qualified Zone Academy Bonds). The proceeds of this bond issue were for energy savings to the existing facilities. The bonds do not bear interest. Annual payments ranging from $20,000 to $117,000 will be made to a reserve account at Minnesota Bank and Trust. The reserve account holds the cash until the bonds' maturity on September 15, 2029, at which time the balance in the reserve account will pay off the bonds. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. A payment of $105,000 was made to the reserve account during 2022-2023. Interest paid was $-0- in 2022-2023.

5. LONG-TERM LIABILITIES (Cont'd)

A. DESCRIPTION OF LONG-TERM DEBT (Cont'd)

Long-Term Lease Liabilities (Right of Use Lease)

Print Management

The District entered into a five year lease agreement in January of 2021 with A&B Business Solutions for the use of five Toshiba copy machines, two Ricoh copy machines, and eleven HP printers. The lease requires monthly principal and interest payments of $1,665 throughout the term of the lease. The lease liability is measured at a discount rate of 16.23%, as calculated by the District based on the value of the equipment provided by A&B Business Solutions. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2022-2023 was $7,732.

Postage Machine

The District entered into a five year lease agreement in May of 2022 with Quadient Leasing USA, Inc. for the use of a postage machine. The lease requires quarterly principal and interest payments of $331 throughout the term of the lease. The lease liability is measured at a discount rate of 33.01%, as estimated by the District based on the value of the equipment provided by Quadient Leasing USA, Inc. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2022-2023 was $1,017.

2003 Chevrolet Bluebird Minibus

The District entered into a six year lease agreement in March of 2018 with Full Warranty Bus Leasing, LLC for the use of a 2003 Chevrolet Bluebird Minibus. The lease requires monthly principal and interest payments of $650 throughout the term of the lease. The lease liability is measured at a discount rate of 4.50%, as calculated by the District based on the value of the equipment provided by with Full Warranty Bus Leasing, LLC. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2022-2023 was $423.

2007 Thomas Freightliner School Bus

The District entered into a five year lease agreement in December of 2019 with Full Warranty Bus Leasing, LLC for the use of a 2007 Thomas Freightliner School Bus. The lease requires monthly principal and interest payments of $1,260 throughout the term of the lease. The lease liability is measured at a discount rate of 4.50%, as estimated by the District based on the value of the equipment provided by Full Warranty Bus Leasing, LLC. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2022-2023 was $1,052.

2008 Thomas Freightliner School Bus

The District entered into a five year lease agreement in October of 2020 with Full Warranty Bus Leasing, LLC for the use of a 2008 Thomas Freightliner School Bus. The lease requires monthly principal and interest payments of $1,260 throughout the term of the lease. The lease liability is measured at a discount rate of 4.50%, as estimated by the District based on the value of the equipment provided by Full Warranty Bus Leasing, LLC. Principal and interest payments on this lease are recorded in the in the General Fund. Interest paid in 2022-2023 was $1,447.

These assets serve as collateral for the related right of use lease liability and are being amortized using a straight-line method over the life of the right of use asset.

5. LONG-TERM LIABILITIES (Cont'd)

B. MINIMUM DEBT PAYMENTS

Minimum annual principal and interest payments to retire general obligation bonds payable are as follows:

	General Obligations Bonds Payable		QZAB Bonds Payable	
Year Ending June 30	Principal	Interest	Principal	Interest
2024	$ 460,000	$ 960,535	$ -	$ -
2025	406,000	917,980	-	-
2026	415,000	900,800	-	-
2027	430,000	880,050	-	-
2028	440,000	858,550	-	-
2029-2033	4,950,000	3,770,500	6,487,000	-
2034-2038	6,805,000	2,495,200	-	-
2039-2043	8,285,000	1,020,200	-	-
	$22,191,000	$11,803,815	$ 6,487,000	$ -

Minimum annual principal and interest payments on the right of use leases as of June 30, 2023 are as follows:

	Print Management		Postage Machine		Transportation Vehicles	
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 14,396	$ 5,589	$ 421	$ 903	$ 21,015	$ 1,175
2025	16,914	3,071	578	746	17,751	539
2026	9,535	456	793	531	3,743	37
2027	-	-	1090	234	-	-
2028	-	-	-	-	-	-
	$ 40,845	$ 9,116	$ 2,882	$ 2,414	$ 42,509	$ 1,751

5. LONG-TERM LIABILITIES (Cont'd)

C. CHANGES IN LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities					
Alternative Facilities Bonds, Series 2014A (QZAB)	$ 5,400,000	$ -	$ -	$ 5,400,000	$ -
Capital Facilities Bonds, Series 2014B (QZAB)	1,087,000	-	-	1,087,000	-
General Obligation Facilities Maintenance Bonds, Series 2019A	284,000	-	93,000	191,000	95,000
General Obligation School Building Bonds, Series 2022A	-	9,580,000	-	9,580,000	-
General Obligation School Building Bonds, Series 2023A	-	12,420,000	-	12,420,000	365,000
Long-Term Lease Liabilities					
Right of Use Leases					
Print Management	53,098	-	12,253	40,845	14,396
Postage Machine	3,189	-	307	2,882	421
2003 Chevrolet Bluebird Minibus	11,163	-	6,078	5,085	4,438
2007 Thomas Freightliner School Bus	26,188	-	11,548	14,640	8,433
2008 Thomas Freightliner School Bus	33,936	-	11,152	22,784	8,144
Unamortized Premiums	-	1,461,898	30,016	1,431,882	73,117
	$ 6,898,574	$ 23,461,898	$ 164,354	$ 30,196,118	$ 568,949

6. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The District follows Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

A. GENERAL INFORMATION ABOUT THE OPEB PLAN

1. Plan Description

The District's defined benefit OPEB plan, Independent School District No. 891, Canby, Minnesota's retirees' health insurance plan (the Plan), provides OPEB for certain retired employees of the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period.

No assets are accumulated in a trust that meets the criteria in Paragraph four of GASB Statement No. 75. OPEB benefits have historically been funded on a pay-as-you-go basis. For fiscal year 2023, the District paid benefits of $17,405 from the General Fund.

6. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

A. GENERAL INFORMATION ABOUT THE OPEB PLAN (Cont'd)

2. Benefits Provided

The District provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. Minnesota Statute 471.61 subd. 2b requires that government entities allow active employees who retire from the District when eligible to receive a retirement benefit from the Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA) and do not participate in any other health benefits program providing similar coverage, continued coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

3. Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	90
	92

B. TOTAL OPEB LIABILITY

The District's total OPEB liability of $298,394 was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2021. The "entry age with level percentage of pay" actuarial cost method as prescribed by GASB Statement No. 75 was used to roll forward the total OPEB liability to the measurement date of July 1, 2022.

1. Actuarial Assumptions and Other Inputs

The total OPEB liability measured on July 1, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	Service graded table range from 2.85% to 10.25%
Discount rate	2.10%
Healthcare cost trend rate	6.50% as of July 1, 2021 grading to 5.00% over 6 years and then to 4.00% over the next 48 years

The discount rate was based on the estimated yield of 20-Year municipal bonds.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2021 valuation (July 1, 2022 measurement) were made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. Assumptions were based on various rationale that included a variety of published sources of historical and projected future financial data and various studies or experience studies. The retirement and withdrawal assumptions used were similar to those used to value pension liabilities for Minnesota School District employees. The rates are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2014 through June 30, 2018. The full list of assumptions and rationale are included in the District's OPEB plan report, which may be obtained by writing or calling the District.

6. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

C. CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at July 1, 2021 (reporting date June 30, 2022)	**$ 278,147**
Changes for the year:	
Service cost	26,438
Interest	6,266
Benefit payments	(12,457)
Net changes	**20,247**
Balance at July 1, 2022 (reporting date June 30, 2023)	**$ 298,394**

Changes in the benefit terms since the prior measurement date:

- None

Changes in actuarial assumptions since the prior measurement date:

- None

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

	Total OPEB Liability	
1 percent decrease (1.10%)	Current (2.10%)	1 percent increase (3.10%)
$312,463	$298,394	$284,265

2. 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 or one percentage point higher than the current healthcare cost trend rates:

	Total OPEB Liability	
1 percent decrease (5.50% decreasing to 4.00% over 6 years then to 3.00%)	Current (6.50% decreasing to 5.00% over 6 years then to 4.00%)	1 percent increase (7.50% decreasing to 6.00% over 6 years then to 5.00%)
$268,005	$298,394	$333,991

6. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $4,459. At June 30, 2023, 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	$ -	$ 49,950
Changes of assumptions or other inputs	10,910	1,867
Benefits paid subsequent to the measurement date	17,405	-
Total	**$ 28,315**	**$ 51,817**

$17,405 reported as deferred outflows of resources related to OPEB resulting from District benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	OPEB Expense Amount
2024	$ (28,242)
2025	$ (6,334)
2026	$ (6,331)
2027	$ -
2028	$ -
Thereafter	$ -

7. FUND BALANCE CLASSIFICATION

At June 30, 2023, a summary of the governmental fund balance classifications is as follows:

	General Fund	Food Service Fund	Community Service Fund	Building Construction Fund	Debt Service Fund	Total
Nonspendable:						
Inventory	$ -	$ 5,403	$ -	$ -	$ -	$ 5,403
	-	5,403	-	-	-	5,403
Restricted for:						
Staff Development	34,857	-	-	-	-	34,857
Gifted and Talented	22,959	-	-	-	-	22,959
Basic Skills	102,731	-	-	-	-	102,731
Operating Capital	117,522	-	-	-	-	117,522
Long-Term Facilities Maintenance	107,643	-	-	-	-	107,643
Safe Schools	72,803	-	-	-	-	72,803
Medical Assistance	68,100	-	-	-	-	68,100
Student Activities	78,919	-	-	-	-	78,919
Food Service	-	279,488	-	-	-	279,488
Early Childhood Family Education	-	-	75,548	-	-	75,548
Building Construction	-	-	-	22,861,025	-	22,861,025
Debt Service QZAB Payments	-	-	-	-	2,477,148	2,477,148
Debt Service	-	-	-	-	185,894	185,894
	605,534	279,488	75,548	22,861,025	2,663,042	26,484,637
Assigned for:						
Building Remodeling/Construction	1,500,000	-	-	-	-	1,500,000
Student Lunch Assistance	1,398	-	-	-	-	1,398
	1,501,398	-	-	-	-	1,501,398
Unassigned:	4,134,126	-	-	-	-	4,134,126
Total Fund Balance:	$ 6,241,058	$ 284,891	$ 75,548	$ 22,861,025	$ 2,663,042	$32,125,564

8. PENSION PLANS

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. TEACHERS RETIREMENT ASSOCIATION

1. Plan Description

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

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

2. Benefits Provided

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

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

Tier I:	**Step Rate Formula**	**Percentage**
Basic	1st ten years of service	2.20% per year
	All years after	2.70% per year
Coordinated	1st ten years if service years are up to July 1, 2006	1.20% per year
	1st ten years if service years are July 1, 2006 or after	1.40% per year
	All other years of service if service years are up to July 1, 2006	1.70% per year
	All other years of service if service years are July 1, 2006 or after	1.90% 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) 3.00% per year early retirement reduction factor for all years under normal retirement age.

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

or

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided (Cont'd)

Tier II: For years of service prior to July 1, 2006, a level formula of 1.70% per year for Coordinated members and 2.70% per year for Basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.90% per year for Coordinated members and 2.70% per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

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

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

3. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2021, June 30, 2022, and June 30, 2023 were:

	June 30, 2021		June 30, 2022		June 30, 2023	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.13%	11.00%	12.34%	11.00%	12.55%
Coordinated	7.50%	8.13%	7.50%	8.34%	7.50%	8.55%

The following is a reconciliation of employer contributions in TRA's fiscal year 2022 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's ACFR, Statement of Changes in Fiduciary Net Position	$ 482,679,000
Employer contributions not related to future contribution efforts	(2,178,000)
TRA's contributions not included in allocation	(572,000)
Total employer contributions	**479,929,000**
Total non-employer contributions	35,590,000
Total contributions reported in *Schedule of Employer and Non-Employer Allocations*	**$ 515,519,000**

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

3. Contribution Rate (Cont'd)

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

The District's contributions to the TRA plan for the year ended June 30, 2023, were $255,773. The District's contributions were equal to the required contributions as set by state statute.

4. Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information	
Valuation Date	July 1, 2022
Measurement Date	June 30, 2022
Experience Study	June 28, 2019 (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	1.00% for January 2019 through January 2023, then increasing by 0.10% each year up to 1.50% annually
Mortality Assumptions	
Pre-retirement	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

4. Actuarial Assumptions (Cont'd)

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%
Private Markets	25.00%	5.90%
Fixed Income	25.00%	0.75%
Total	**100.00%**	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The *Difference Between Expected and Actual Experience*, *Changes of Assumptions,* and *Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB Statement No. 68.

The following changes in benefit and funding terms and actuarial assumptions occurred in 2022:

Changes in the benefit and funding terms since the prior measurement date:

- None

Changes in actuarial assumptions since the prior measurement date:

- None

5. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted, and as a result, the Municipal Bond Index Rate was not used in determination of the Single Equivalent Interest Rate (SEIR).

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

6. Net Pension Liability

On June 30, 2023, the District reported a liability of $3,667,422 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 0.0458% at the end of the measurement period and 0.0464% 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	$ 3,667,422
State's proportionate share of the net pension liability associated with the District	271,991
Total	**$ 3,939,413**

For the year ended June 30, 2023, the District recognized pension expense (revenue) of $(777,597). This amount is inclusive of $(37,400) which is recognized as pension expense (and grant revenue) for the support provided by direct aid.

On June 30, 2023, 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 economic experience	$ 54,178	$ 32,746
Changes in actuarial assumptions	595,208	779,489
Net difference between projected and actual investment earnings	86,280	-
Changes in proportion	35,478	37,816
Contributions paid to TRA subsequent to the measurement date	255,773	-
Total	**$ 1,026,917**	**$ 850,051**

The $255,773 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

6. Net Pension Liability (Cont'd)

Year ended June 30	Pension Expense Amount
2024	$ (666,339)
2025	$ 92,335
2026	$ 20,109
2027	$ 476,781
2028	$ (1,793)
Thereafter	$ -

7. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7.00% 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%) or one percentage point higher (8.00%) than the current discount rate:

Sensitivity of Net Pension Liability (NPL) to changes in the discount rate

1 percent decrease (6.00%)	Current (7.00%)	1 percent increase (8.00%)
$5,781,491	$3,667,422	$1,934,544

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

8. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at https://minnesotatra.org,, or 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.

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

1. Plan Description

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

General Employees Retirement Plan

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

2. Benefits Provided

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

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided (Cont'd)

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.20% for each of the first 10 years of service and 1.70% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50.00% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.00% and a maximum of 1.50%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were $85,728. The District's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of $1,188,005 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 $34,965.

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

4. Pension Costs (Cont'd)

The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0150% at the end of the measurement period and 0.0134% for the beginning of the period.

District's proportionate share of net pension liability	$ 1,188,005
State's proportionate share of the net pension liability associated with the District	34,965
Total	**$ 1,222,970**

For the year ended June 30, 2023, the District recognized pension expense of $174,047 for its proportionate share of the General Employees Plan's pension expense. This amount is inclusive of $5,225, which is recognized as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

At June 30, 2023, 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	$ 9,923	$ 11,391
Changes in actuarial assumptions	241,054	4,542
Net difference between projected and actual investment earnings	66,316	-
Changes in proportion	55,390	20,984
Contributions paid to PERA subsequent to the measurement date	85,728	-
Total	**$ 458,411**	**$ 36,917**

The $85,728 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	**Pension Expense Amount**
2024	$ 116,366
2025	$ 116,600
2026	$ (4,639)
2027	$ 107,439
2028	$ -
Thereafter	$ -

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

5. Long-term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of 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%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
Total	**100.00%**	

6. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.50% in the June 30, 2022 actuarial valuation and 7.00% in the June 30, 2023 actuarial valuation. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. 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 3.00% after 29 years of service and 6.00% per year thereafter.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- None

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

7. Discount Rate

The discount rate for the General Employees Fund used to measure the total pension liability in 2022 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate is 7.00% for the General Employees Plan in the June 30, 2023 actuarial valuation.

8. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the General Employees Fund, 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 (5.50%) or one percentage point higher (7.50%) than the current discount rate:

Sensitivity of Net Pension Liability (NPL) to changes in the discount rate

1 percent decrease (5.50%)	Current (6.50%)	1 percent increase (7.50%)
$1,876,516	$1,188,005	$623,320

Note: The discount for fiscal year 2023 will change to 7.00% for the General Employees Plan.

9. Pension Plan Fiduciary Net Position

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

C. CHANGES IN THE NET PENSION LIABILITY

Changes in the net pension liability related to pension plans for the fiscal year ended June 30, 2023 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Teachers Retirement Association	$ 2,030,603	$ 1,901,609	$ 264,790	$ 3,667,422
Public Employees Retirement Association	572,240	700,109	84,344	1,188,005
Total Net Pension Liability	**$ 2,602,843**	**$ 2,601,718**	**$ 349,134**	**$ 4,855,427**

D. FINANCIAL STATEMENT PRESENTATION

Deferred Inflows/Outflows of Resources related to pension plans are presented in the June 30, 2023 basic financial statements as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
TRA	$ 1,026,917	$ 850,051
PERA	458,411	36,917
Total Governmental Activities	**$ 1,485,328**	**$ 886,968**

9. OPERATING TRANSFER

During 2023, the following authorized transfer was made:

From	To	Purpose	Amount
General Fund	Community Service Fund	To cover deficit spending in School Readiness, Community Service, and Preschool Screening	$ 35,674

10. CHANGE IN ACCOUNTING PRINCIPLE

The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year which better meets the informational needs of financial statement users by improving accounting and financial reporting for subscriptions by governments. The Statement requires recognition of certain subscription assets and liabilities for subscriptions that previously were classified as expenditures. No restatement of net position was required upon implementation of this standard.

11. GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 101, *Compensated Absences* was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Statement will result in a liability for compensated absences that more appropriately reflects when the District incurs an obligation. Statement No. 101 is effective for implementation for the year ended June 30, 2025.

12. CONSTRUCTION IN PROGRESS COMMITMENT

The District has entered into a contract for the acquisition and betterment of school sites and facilities, including the construction of secure entrances and accessibility improvements at the High School and Elementary School; the construction and equipping of a gymnasium addition and locker rooms at the high school; HVAC upgrades at the High School; the construction and equipping of Career and Technical Education and art classrooms at the High School; track and field upgrades and site improvements, including the construction, installation, and equipping of an outdoor synthetic track, spectator seating area and press box; the conversion of the existing High School locker room and wrestling area into restrooms, a concession area and lobby; renovations and upgrades to the Family and Consumer Science classroom and the creation of flexible learning spaces at the High School; and site drainage improvements at the Elementary School. Management anticipates the total cost of the project to be approximately $25,000,000. As of June 30, 2023, the District has incurred costs of $387,549 which is recorded as construction in progress on the Statement of Net Position. The remaining cost will be paid for by the Building Construction Fund, except for $1,500,000 which has been assigned by the District in the General Fund to help cover costs expected to be over the amount received from General Obligation School Building Bonds Series 2022A and 2023A.

13. SUBSEQUENT EVENT

In August, 2023 the District approved the purchase agreement for a lot in Canby, MN for $67,845. The lot was purchased on October 5, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOES
JUNE 30, 2023

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS)**

Measurement Date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017
Total OPEB Liability						
Service Cost	$ 26,438	$ 25,668	$ 26,214	$ 25,450	$ 26,335	$ 25,568
Interest	6,266	9,583	9,120	13,340	13,251	13,191
Assumption Changes	-	18,182	-	(9,347)	-	-
Plan Changes	-	-	-	-	-	-
Differences between expected and actual experience	-	(49,849)	-	(100,205)	-	-
Benefit Payments	(12,457)	(17,650)	(22,033)	(34,181)	(37,935)	(37,619)
Net change in total OPEB liability	**20,247**	**(14,066)**	**13,301**	**(104,943)**	**1,651**	**1,140**
Total OPEB Liability - Beginning	**278,147**	**292,213**	**278,912**	**383,855**	**382,204**	**381,064**
Total OPEB Liability - Ending (a)	**$ 298,394**	**$ 278,147**	**$ 292,213**	**$ 278,912**	**$ 383,855**	**$ 382,204**
Covered Payroll	$ 3,835,245	$ 3,723,539	$ 3,517,676	$ 3,415,219	$ 3,340,972	$ 3,243,662
Total OPEB liability as a percentage of covered payroll	7.78%	7.47%	8.31%	8.17%	11.49%	11.78%

****Note:** The District implemented the provisions of GASB Statement No. 75 for the year ended June 30, 2018. The Schedules within the Required Supplementary Information section require a ten-year presentation, but do not require retroactive reporting. Information prior to 2018 is not available. Additional years will be reported as they become available.

Note: This schedule is presented using the optional format of combining the required schedules in paragraphs 170(a) and 170(b) of GASB Statement No. 75.

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT'S SHARE OF NET PENSION LIABILITY AND DISTRICT'S CONTRIBUTIONS FOR DEFINED BENEFIT PENSION PLANS
JUNE 30, 2023

TEACHERS RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS**)

Measurement Date	District's Proportion (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/22	0.0458%	$ 3,667,422	$ 271,991	$ 3,939,413	$ 2,853,132	138.1%	76.17%
6/30/21	0.0464	2,030,603	171,213	2,201,816	2,785,235	79.1	86.63
6/30/20	0.0464	3,428,094	287,350	3,715,444	2,700,946	137.6	75.48
6/30/19	0.0469	2,989,416	264,811	3,254,227	2,674,336	121.7	78.21
6/30/18	0.0460	2,888,474	271,334	3,159,808	2,550,506	123.9	78.07
6/30/17	0.0455	9,082,625	878,017	9,960,642	2,465,870	403.9	51.57
6/30/16	0.0464	11,067,507	1,111,817	12,179,324	2,414,631	504.4	44.88
6/30/15	0.0476	2,944,531	360,914	3,305,445	2,417,201	136.7	76.80
6/30/14	0.0518	2,386,907	167,782	2,554,689	2,386,948	107.0	81.50

**Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

TEACHERS RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S CONTRIBUTIONS REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
6/30/23	$ 255,773	$ 255,773	$ -	$ 2,962,931	8.63%
6/30/22	238,532	238,532	-	2,853,132	8.36
6/30/21	227,345	227,345	-	2,785,235	8.16
6/30/20	215,026	215,026	-	2,700,946	7.96
6/30/19	206,973	206,973	-	2,674,336	7.74
6/30/18	191,903	191,903	-	2,550,506	7.50
6/30/17	184,975	184,975	-	2,465,870	7.50
6/30/16	181,066	181,066	-	2,414,631	7.50
6/30/15	182,119	182,119	-	2,417,201	7.50

* Option to provide RSI for ten years at transition or to provide RSI prospectively.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (*)
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS**)

Measurement Date	District's Proportion (Percentage) of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the District (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/22	0.0150%	$ 1,188,005	$ 34,965	$ 1,222,970	$ 1,131,026	108.1%	76.7%
6/30/21	0.0134	572,240	17,463	589,703	969,047	60.9	87.0
6/30/20	0.0141	845,359	26,005	871,364	1,002,556	86.9	79.1
6/30/19	0.0138	762,971	23,666	786,637	934,797	84.1	80.2
6/30/18	0.0139	771,115	25,372	796,487	929,844	85.7	79.5
6/30/17	0.0139	887,367	11,195	898,562	903,239	99.5	75.9
6/30/16	0.0138	1,120,492	14,550	1,135,042	854,116	132.9	68.9
6/30/15	0.0140	725,553	-	725,553	820,008	88.5	78.2
6/30/14	0.0159	746,902	-	746,902	835,499	89.8	78.7

* This schedule is for employers in the General Employees Plan to present their proportionate share of the State of Minnesota's contributions to the General Employees Fund on their behalf.

**Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
6/30/23	$ 85,728	$ 85,728	$ -	$ 1,154,157	7.4%
6/30/22	84,269	84,269	-	1,131,026	7.5
6/30/21	72,626	72,626	-	969,047	7.5
6/30/20	74,402	74,402	-	1,002,556	7.4
6/30/19	70,101	70,101	-	934,797	7.5
6/30/18	69,509	69,509	-	929,844	7.5
6/30/17	66,988	66,988	-	903,239	7.4
6/30/16	94,498	64,498	-	854,116	7.6
6/30/15	60,833	60,833	-	820,008	7.4

* Option to provide RSI for ten years at transition or to provide RSI prospectively.

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts Original	2023 Budgeted Amounts Final	2023 Actual	Variance	2022 Actual	Increase (Decrease) Actuals
REVENUES						
Local Property Tax Levies:						
Maintenance Levy	$ 1,001,731	$ 725,755	$ 644,081	$ (81,674)	$ 964,647	$ (320,566)
Other Local and County Revenues:						
County Apportionment	20,983	20,983	33,166	12,183	31,237	1,929
Miscellaneous Local Taxes	25,500	25,500	26,047	547	25,252	795
Other School Districts-Tuition	9,000	9,000	7,561	(1,439)	12,917	(5,356)
Medical Assistance	9,180	9,180	26,411	17,231	20,352	6,059
Fees From Patrons	31,486	36,450	37,333	883	39,730	(2,397)
Admissions	33,741	33,054	32,926	(128)	33,773	(847)
Earnings From Investments	40,397	153,600	202,218	48,618	11,302	190,916
Gift and Bequests	10,100	19,887	18,529	(1,358)	20,090	(1,561)
Rent For School Facilities	-	-	70	70	-	70
Miscellaneous Revenues and Reimbursements	25,515	41,975	60,941	18,966	49,797	11,144
	205,902	**349,629**	**445,202**	**95,573**	**244,450**	**200,752**
Revenue From State Sources:						
Endowment Fund Apportionment	23,749	23,749	28,271	4,522	23,283	4,988
General Education Aid	5,762,402	5,762,402	5,960,114	197,712	5,717,845	242,269
Integration Aid	34,616	34,616	31,757	(2,859)	31,530	227
Literacy Incentive Aid	30,989	32,172	35,152	2,980	34,415	737
Shared Time	2,561	4,306	7,481	3,175	4,306	3,175
Disparity Aid	7,294	7,294	7,133	(161)	7,151	(18)
Other General Aids	12,893	12,939	13,188	249	9,327	3,861
Market Value Credit	7,374	7,374	6,450	(924)	4,670	1,780
Special Education	521,946	521,946	702,841	180,895	502,342	200,499
Non-Public Pupil Transportation	30,861	30,861	27,363	(3,498)	29,901	(2,538)
Other State Programs	515	515	492	(23)	515	(23)
	6,435,200	**6,438,174**	**6,820,242**	**382,068**	**6,365,285**	**454,957**
Revenue From Federal Sources:						
Title I	126,705	153,474	149,981	(3,493)	142,627	7,354
Rural Education Achievement Program	4,600	4,600	11,368	6,768	31,538	(20,170)
Special Education	90,000	107,911	91,241	(16,670)	104,437	(13,196)
Elementary and Secondary School Emergency Relief Fund (ESSER) Fund	166,776	166,776	194,086	27,310	203,384	(9,298)
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	574,192	312,365	264,879	(47,486)	87,496	177,383
Minnesota COVID-19 Testing Program	-	20,000	20,000	-	-	20,000
Coronavirus State and Local Fiscal Recovery Fund	-	-	11,578	11,578	14,829	(3,251)
Other Federal Programs	1,785	30,603	1,830	(28,773)	2,132	(302)
	964,058	**795,729**	**744,963**	**(50,766)**	**586,443**	**158,520**
Sales and Other Conversion of Assets:						
Sales of Resale Materials	23,837	35,181	40,274	5,093	28,714	11,560
	23,837	**35,181**	**40,274**	**5,093**	**28,714**	**11,560**
TOTAL REVENUES	**8,630,728**	**8,344,468**	**8,694,762**	**350,294**	**8,189,539**	**505,223**
EXPENDITURES						
Current:						
District and School Administration:						
Salaries and Wages	432,306	430,627	428,452	2,175	432,121	(3,669)
Employee Benefits	173,028	180,857	157,380	23,477	166,934	(9,554)
Purchased Services	59,123	63,580	57,748	5,832	46,979	10,769
Supplies and Materials	21,405	20,285	18,753	1,532	21,508	(2,755)
Other Expenditures	8,500	9,421	7,861	1,560	5,769	2,092
	694,362	**704,770**	**670,194**	**34,576**	**673,311**	**(3,117)**
District Support Services:						
Salaries and Wages	128,100	123,300	128,619	(5,319)	108,612	20,007
Employee Benefits	32,482	29,452	31,984	(2,532)	27,667	4,317
Purchased Services	79,670	81,275	82,223	(948)	65,528	16,695
Supplies and Materials	5,000	5,500	4,966	534	4,074	892
Other Expenditures	28,657	29,103	27,392	1,711	3,469	23,923
	273,909	**268,630**	**275,184**	**(6,554)**	**209,350**	**65,834**
Regular Instruction:						
Salaries and Wages	2,234,096	2,255,263	2,214,939	40,324	2,106,938	108,001
Employee Benefits	517,729	555,544	553,007	2,537	484,035	68,972
Purchased Services	297,547	330,340	295,267	35,073	304,797	(9,530)
Supplies and Materials	873,424	462,991	465,455	(2,464)	303,017	162,438
Other Expenditures	832	-	-	-	-	-
	3,923,628	**3,604,138**	**3,528,668**	**75,470**	**3,198,787**	**329,881**

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts		2023		2022	Increase (Decrease)
EXPENDITURES (Cont'd)	Original	Final	Actual	Variance	Actual	Actuals
Current (Cont'd):						
Vocational Instruction:						
Salaries and Wages	$ 65,366	$ 64,094	$ 63,769	$ 325	$ 61,289	$ 2,480
Employee Benefits	21,629	21,627	21,747	(120)	19,730	2,017
Purchased Services	9,724	9,646	9,000	646	7,503	1,497
Supplies and Materials	19,122	18,537	12,309	6,228	9,578	2,731
	115,841	**113,904**	**106,825**	**7,079**	**98,100**	**8,725**
Exceptional Instruction:						
Salaries and Wages	664,653	633,316	641,994	(8,678)	648,843	(6,849)
Employee Benefits	160,139	161,962	158,277	3,685	145,736	12,541
Purchased Services	76,036	72,126	190,677	(118,551)	94,972	95,705
Supplies and Materials	11,389	12,221	7,779	4,442	8,776	(997)
Other Expenditures	31	90	81	9	47	34
	912,248	**879,715**	**998,808**	**(119,093)**	**898,374**	**100,434**
Instructional Support Services:						
Salaries and Wages	127,926	127,162	123,667	3,495	124,209	(542)
Employee Benefits	26,742	26,735	27,173	(438)	25,699	1,474
Purchased Services	52,022	49,572	49,729	(157)	56,888	(7,159)
Supplies and Materials	15,409	20,901	12,597	8,304	10,221	2,376
	222,099	**224,370**	**213,166**	**11,204**	**217,017**	**(3,851)**
Pupil Support Services:						
Salaries and Wages	266,235	320,721	305,706	15,015	285,415	20,291
Employee Benefits	47,689	58,947	58,094	853	52,702	5,392
Purchased Services	218,705	264,860	311,104	(46,244)	184,655	126,449
Supplies and Materials	101,282	119,542	100,151	19,391	111,916	(11,765)
Less: Transportation Chargeback	(104,000)	(110,000)	(158,218)	48,218	(107,815)	(50,403)
	529,911	**654,070**	**616,837**	**37,233**	**526,873**	**89,964**
Site, Buildings and Equipment:						
Salaries and Wages	238,836	231,721	251,848	(20,127)	229,736	22,112
Employee Benefits	67,441	69,212	67,751	1,461	59,511	8,240
Purchased Services	387,068	424,532	425,737	(1,205)	398,535	27,202
Supplies and Materials	175,360	197,000	188,018	8,982	163,561	24,457
	868,705	**922,465**	**933,354**	**(10,889)**	**851,343**	**82,011**
Fiscal and Other Fixed Cost Programs:						
District Insurance	**78,800**	**65,000**	**60,465**	**4,535**	**59,517**	**948**
Capital Outlay:						
District Support Services	2,000	3,000	2,000	1,000	5,696	(3,696)
Regular Instruction	61,178	90,004	57,757	32,247	68,304	(10,547)
Instructional Support Services	-	-	5,470	(5,470)	-	-
Pupil Support Services	290,522	245,292	251,850	(6,558)	233,547	18,303
Site, Buildings and Equipment	176,176	383,441	401,364	(17,923)	101,151	300,213
	529,876	**721,737**	**718,441**	**3,296**	**408,698**	**304,273**
Debt Service:						
Principal	32,750	46,600	52,697	(6,097)	37,889	14,808
Interest	5,300	14,900	11,671	3,229	13,210	(1,539)
	38,050	**61,500**	**64,368**	**(2,868)**	**51,099**	**13,269**
TOTAL EXPENDITURES	**8,187,429**	**8,220,299**	**8,186,310**	**33,989**	**7,192,469**	**988,371**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**443,299**	**124,169**	**508,452**	**384,283**	**997,070**	**(483,148)**
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Assets	1,836	252	-	(252)	500	(500)
Issuance of Right of Use Lease	-	-	-	-	3,189	(3,189)
Insurance Recovery	6,630	74,941	74,941	-	6,161	68,780
Operating Transfers In (Out)	(74,000)	(74,000)	(35,674)	38,326	(48,371)	12,697
	(65,534)	**1,193**	**39,267**	**38,074**	**(38,521)**	**77,788**
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**377,765**	**125,362**	**547,719**	**422,357**	**958,549**	**(405,360)**
FUND BALANCE BEGINNING OF YEAR	**5,693,339**	**5,693,339**	**5,693,339**	**-**	**4,734,790**	**958,549**
FUND BALANCE END OF YEAR	**$ 6,071,104**	**$ 5,818,701**	**$ 6,241,058**	**$ 422,357**	**$ 5,693,339**	**$ 553,189**

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Actual	2022 Actual
FUND BALANCE ANALYSIS		
RESTRICTED FUND BALANCES		
Gifted and Talented	$ 22,959	$ 24,015
Safe Schools - Crime Levy	72,803	61,240
Staff Development	34,857	17,650
Basic Skills	102,731	79,739
Medical Assistance	68,100	45,012
Student Activities	78,919	63,342
Operating Capital	117,522	151,277
Long-Term Facilities Maintenance	107,643	108,097
TOTAL RESTRICTED FUND BALANCES	**605,534**	**550,372**
ASSIGNED FUND BALANCE		
Building Remodeling/Construction	1,500,000	-
Student Lunch Assistance	1,398	233
TOTAL ASSIGNED FUND BALANCE	**1,501,398**	**233**
UNASSIGNED FUND BALANCE	**4,134,126**	**5,142,734**
TOTAL FUND BALANCE	**$ 6,241,058**	**$ 5,693,339**

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts		2023		2022	Increase (Decrease)
	Original	Final	Actual	Variance	Actual	Actuals
REVENUES						
Other Local and County Revenues:						
Earnings From Investments	$ 150	$ 700	$ 9,208	$ 8,508	$ 714	$ 8,494
Revenue From State Sources:						
School Lunch Aid	14,000	11,000	14,294	3,294	9,981	4,313
School Milk Program	1,000	1,000	1,286	286	825	461
Summer Food Service	24,000	14,500	11,785	(2,715)	7,751	4,034
	39,000	26,500	27,365	865	18,557	8,808
Revenue From Federal Sources:						
School Lunch Aid	27,000	45,000	63,913	18,913	-	63,913
Special Assistance	90,000	85,000	131,527	46,527	355,996	(224,469)
School Breakfast Program	46,900	40,000	55,652	15,652	117,083	(61,431)
USDA Commodities	26,000	26,000	30,791	4,791	29,474	1,317
Other Federal Programs	-	-	15,239	15,239	14,889	350
	189,900	196,000	297,122	101,122	517,442	(220,320)
Sales And Other Conversion Of Assets:						
Sale of Lunches	182,200	194,700	174,114	(20,586)	41,373	132,741
TOTAL REVENUES	411,250	417,900	507,809	89,909	578,086	(70,277)
EXPENDITURES						
Current:						
Pupil Support Services:						
Contracted Labor	202,800	321,500	219,712	101,788	283,270	(63,558)
Purchased Services	10,400	15,000	8,463	6,537	15,566	(7,103)
Supplies and Materials	14,040	20,000	14,431	5,569	16,826	(2,395)
Food Purchases	190,736	122,000	168,630	(46,630)	113,241	55,389
USDA Commodities	29,120	33,000	30,791	2,209	29,474	1,317
Milk Purchases	24,960	29,100	35,188	(6,088)	25,129	10,059
	472,056	540,600	477,215	63,385	483,506	(6,291)
Capital Outlay:						
Pupil Support Services	70,000	70,000	67,446	2,554	20,192	47,254
TOTAL EXPENDITURES	542,056	610,600	544,661	65,939	503,698	40,963
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(130,806)	(192,700)	(36,852)	155,848	74,388	(111,240)
FUND BALANCE BEGINNING OF YEAR	321,743	321,743	321,743	-	247,355	74,388
FUND BALANCE END OF YEAR	$ 190,937	$ 129,043	$ 284,891	$ 155,848	$ 321,743	$ (36,852)
FUND BALANCE ANALYSIS						
NONSPENDABLE FUND BALANCE						
Inventory			$ 5,403		$ 6,385	
RESTRICTED FUND BALANCE						
Food Service			279,488		315,358	
TOTAL FUND BALANCE			$ 284,891		$ 321,743	

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts		2023		2022	Increase (Decrease)
	Original	Final	Actual	Variance	Actual	Actuals
REVENUES						
Local Property Tax Levies:						
Community Service Levy	$ 48,351	$ 45,975	$ 46,031	$ 56	$ 49,363	$ (3,332)
Miscellaneous Local Taxes	1,000	1,000	808	(192)	822	(14)
	49,351	**46,975**	**46,839**	**(136)**	**50,185**	**(3,346)**
Other Local And County Revenues:						
Tuition and Fees from Patrons	75,500	80,460	94,143	13,683	97,050	(2,907)
Earnings From Investments	100	1,000	2,295	1,295	115	2,180
Miscellaneous Revenues	20	20	-	(20)	-	-
	75,620	**81,480**	**96,438**	**14,958**	**97,165**	**(727)**
Revenue From State Sources:						
Disparity and Abatement Aid	-	1,119	1,243	124	1,334	(91)
Homestead Market Value	-	1,011	1,124	113	871	253
Preschool Screening	1,476	1,329	2,230	901	2,375	(145)
Non Public School Programs	8,649	8,649	7,325	(1,324)	8,153	(828)
Early Childhood and Family Education	1,987	3,195	3,441	246	2,001	1,440
School Readiness Aid	24,107	20,832	23,137	2,305	24,122	(985)
Other State Revenues		8	8	-		8
	36,219	**36,143**	**38,508**	**2,365**	**38,856**	**(348)**
Revenue From Federal Sources:						
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	-	-	29,071	29,071	19,806	9,265
	-	**-**	**29,071**	**29,071**	**19,806**	**9,265**
TOTAL REVENUES	**161,190**	**164,598**	**210,856**	**46,258**	**206,012**	**(4,421)**
EXPENDITURES						
Current:						
Community Education And Services:						
Salaries and Wages	186,538	194,383	174,453	19,930	176,386	(1,933)
Employee Benefits	53,971	46,148	42,904	3,244	35,803	7,101
Purchased Services	11,100	9,100	7,282	1,818	12,569	(5,287)
Supplies and Materials	27,685	27,157	20,526	6,631	25,088	(4,562)
Other Expenditures	572	500	349	151	388	(39)
	279,866	**277,288**	**245,514**	**31,774**	**250,234**	**(4,720)**
TOTAL EXPENDITURES	**279,866**	**277,288**	**245,514**	**31,774**	**250,234**	**(4,720)**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(118,676)**	**(112,690)**	**(34,658)**	**78,032**	**(44,222)**	**9,564**
OTHER FINANCING SOURCES (USES)						
Operating Transfers In (Out)	**74,000**	**74,000**	**35,674**	**(38,326)**	**48,371**	**(12,697)**
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**(44,676)**	**(38,690)**	**1,016**	**39,706**	**4,149**	**(3,133)**
FUND BALANCE BEGINNING OF YEAR	**74,532**	**74,532**	**74,532**	**-**	**70,383**	**4,149**
FUND BALANCE END OF YEAR	**$ 29,856**	**$ 35,842**	**$ 75,548**	**$ 39,706**	**$ 74,532**	**$ 13,713**
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCES						
Early Childhood Family Education			**$ 75,548**		**$ 74,532**	

1. OTHER POST EMPLOYMENT BENEFITS

No assets are accumulated in a trust that meets the criteria in Paragraph four of GASB Statement No. 75.

2023 Changes

Changes in Benefit Terms:
- None

Changes in Actuarial Assumptions:
- None

2022 Changes

Changes in Benefit Terms:
- None

Changes in Actuarial Assumptions:
- The health care trend rates, mortality tables, and withdrawal rates were all updated.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 3.10% to 2.10%.

2021 Changes

Changes in Benefit Terms:
- None

Changes in Actuarial Assumptions:
- None

2020 Changes

Changes in Benefit Terms:
- None

Changes in Actuarial Assumptions:
- The healthcare trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.40% to 3.10%.

2019 Changes

Changes in Benefit Terms:
- None

Changes in Actuarial Assumptions:
- None

2018 Changes

Changes in Benefit Terms:
- None

Changes in Actuarial Assumptions:
- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 3.50% to 3.40%.

2. DEFINED BENEFIT PENSION PLANS

The following changes were reflected in the valuations performed on behalf of the following defined benefit pension plans for the fiscal years (measurement date) ending June 30:

Teachers Retirement Association

2022 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- None

2021 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 7.50% to 7.00%.

2020 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- None

2018 Changes

Changes in Benefit and Funding Terms:

The 2018 Omnibus Pension Bill contained a number of changes.

- The COLA was reduced from 2.00% each January 1 to 1.00%, effective January 1, 2019. Beginning January 1, 2024, the COLA (Cost of Living Adjustment) will increase 0.10% each year until reaching the ultimate rate of 1.50% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50% if the funded ratio was at least 90.00% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.00% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00% to 3.00%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50% to 7.50%, effective July 1, 2018.

2. DEFINED BENEFIT PENSION PLANS (Cont'd)
Teachers Retirement Association (Cont'd)
2018 Changes (Cont'd)

Changes in Benefit and Funding Terms (Cont'd):

- The employer contribution rate is increased each July 1 over the next six years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 8.50% to 7.50%.
- The price inflation assumption was lowered from 3.00% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the unfunded actuarial accrued liability (UAAL) was reset to June 30, 2048 (30 years).
- A mechanism in the law that provided the TRA Board with some authority to set contribution rates was eliminated.

2017 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- The COLA was assumed to increase from 2.00% annually to 2.50% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50%, but remain at 2.00% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.40% to 0.00%, the vested inactive load increased from 4.00% to 7.00% and the non-vested inactive load increased from 4.00% to 9.00%.
- The investment return assumption was changed from 8.00% to 7.50%.
- The price inflation assumption was lowered from 2.75% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.
- The general wage growth assumption was lowered from 3.50% to 2.85% for ten years followed by 3.25%, thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Benefit and Funding Terms:

- None

Changes in Actuarial Assumptions:

- The COLA was not assumed to increase (it remained at 2.00% for all future years).
- The price inflation assumption was lowered from 3.00% to 2.75%
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.50%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
- The post-retirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustment.

2. DEFINED BENEFIT PENSION PLANS (Cont'd)
Teachers Retirement Association (Cont'd)
2016 Changes (Cont'd)
Changes in Actuarial Assumptions (Cont'd):
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

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

Changes in Actuarial Assumptions:
- The cost of living adjustment was assumed to increase from 2.00% annually to 2.50% annually on July 1, 2037.

Public Employees Retirement Association
<u>General Employees Fund</u>
2022 Changes
Changes in Actuarial Assumptions:
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:
- None

2021 Changes
Changes in Actuarial Assumptions:
- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:
- None

2020 Changes
Changes in Actuarial Assumptions:
- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 general mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 general/teacher disabled annuitant mortality table, with adjustments.

2. DEFINED BENEFIT PENSION PLANS (Cont'd)
Public Employees Retirement Association (Cont'd)
General Employees Fund (Cont'd)
2020 Changes (Cont'd)
Changes in Actuarial Assumptions (Cont'd):
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00% Joint & Survivor option changed from 35.00% to 45.00%. The assumed number of married female new retirees electing 100.00% Joint & Survivor option changed from 15.00% to 30.00%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:
- Augmentation for current privatized members was reduced to 2.00% for the period July 1, 2020 through December 31, 2023 and 0.00% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes
Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:
- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

2018 Changes
Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

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

2017 Changes
Changes in Actuarial Assumptions:
- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and non-vested deferred members. The revised CSA loads are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Change in Plan Provisions:
- The State's contribution for the Minneapolis Employees Retirement Fund equals $16 million in 2017 and 2018, and $6 million thereafter.

2. DEFINED BENEFIT PENSION PLANS (Cont'd)
Public Employees Retirement Association (Cont'd)
<u>General Employees Fund</u> (Cont'd)
2017 Changes (Cont'd)

Change in Plan Provisions (Cont'd):

- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21 million to $31 million in calendar years 2019 to 2031. The state's contribution changed from $16 million to $6 million in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed annual increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- None

2015 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6 million, which meets the special funding situation definition, was due September 2015.

3. BUDGETS, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets presented for comparison to actual amounts are presented in accordance with U.S. generally accepted accounting principles. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

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

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

A. DEFICIT SPENDING

The School Board approved the fiscal year 2023 budget, which projected deficit spending in the following funds:

Food Service Fund	$ 192,700
Community Service Fund	$ 38,690

3. BUDGETS, STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd)

B. EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended June 30, 2023, the District did not have expenditures exceeding the latest amended budget.

Budget revisions were last approved in May of 2023. These excesses were realized since that time and are approved by the School Board upon acceptance of this report.

OTHER SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUILDING CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts Original	2023 Budgeted Amounts Final	2023 Actual	Variance	2022 Actual	Increase (Decrease) Actuals
REVENUES						
Other Local And County Revenues:						
Earnings From Investments	$ -	$ 385,175	$ 121,784	$ (263,391)	$ -	$ 121,784
EXPENDITURES						
Current:						
Site, Buildings and Equipment:						
Purchased Services	-	595,000	722,657	(127,657)	-	722,657
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(209,825)	(600,873)	(391,048)	-	(600,873)
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	22,000,000	22,000,000	-	-	22,000,000
Bond Issuance Premium	-	1,461,898	1,461,898	-	-	1,461,898
	-	23,461,898	23,461,898	-	-	23,461,898
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	23,252,073	22,861,025	(391,048)	-	22,861,025
FUND BALANCE BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCE END OF YEAR	$ -	$ 23,252,073	$ 22,861,025	$ (391,048)	$ -	$ 22,861,025
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Building Construction			$ 22,861,025		$ -	

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023
(with Comparative Actual Amounts for the Year Ended June 30, 2022)

	2023 Budgeted Amounts		2023		2022	Increase (Decrease)
	Original	Final	Actual	Variance	Actual	Actuals
REVENUES						
Local Property Tax Levy:						
Debt Service Levy	$ 712,598	$ 301,421	$ 303,026	$ 1,605	$ 323,794	$ (20,768)
Miscellaneous Local Taxes	5,100	7,000	10,113	3,113	9,237	876
	717,698	**308,421**	**313,139**	**4,718**	**333,031**	**(19,892)**
Other Local And County Revenues:						
Earnings From Investments	**8,160**	**7,000**	**3,028**	**(3,972)**	**3,774**	**(746)**
Revenue From State Sources:						
Market Value Credit	16,705	14,745	14,745	-	10,579	4,166
Disparity Aid	16,524	16,309	16,308	(1)	16,200	108
School Bond Agriculture Credit	279,953	301,802	301,802	-	274,463	27,339
Long-Term Facilities Maintenance Aid	80,338	90,828	91,452	624	78,909	12,543
	393,520	**423,684**	**424,307**	**623**	**380,151**	**44,156**
TOTAL REVENUES	**1,119,378**	**739,105**	**740,474**	**1,369**	**716,956**	**23,518**
EXPENDITURES						
Debt Service:						
Loan Principal	720,485	718,000	93,000	625,000	92,000	1,000
Loan Interest	4,900	4,970	4,970	-	6,580	(1,610)
Other Debt Service Expenditures	500	425	425	-	425	-
TOTAL EXPENDITURES	**725,885**	**723,395**	**98,395**	**625,000**	**99,005**	**(610)**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**393,493**	**15,710**	**642,079**	**626,369**	**617,951**	**24,128**
FUND BALANCE BEGINNING OF YEAR	**2,020,963**	**2,020,963**	**2,020,963**	**-**	**1,403,012**	**617,951**
FUND BALANCE END OF YEAR	**$ 2,414,456**	**$ 2,036,673**	**$ 2,663,042**	**$ 626,369**	**$ 2,020,963**	**$ 642,079**
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Debt Service QZAB Payments			$ 2,477,148		$ 1,849,120	
Debt Service			185,894		171,843	
TOTAL FUND BALANCE			**$ 2,663,042**		**$ 2,020,963**	

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND - HISTORICAL ANALYSIS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Local Property Tax Levies	$ 301,775	$ 500,690	$ 602,865	$ 847,843	$ 794,277	$ 783,627	$ 1,001,368	$ 1,022,127	$ 964,647	$ 644,081
Other Local and County Revenues	158,201	238,756	186,310	208,175	228,992	246,546	235,292	181,246	244,450	445,202
Revenue From State Sources	4,715,251	4,787,471	4,897,702	5,273,707	5,625,765	5,834,253	6,086,353	6,070,167	6,365,285	6,820,242
Revenue From Federal Sources	250,414	245,543	237,719	232,840	211,332	248,459	278,721	464,609	586,443	744,963
Sales and Other Conversions of Assets	3,208	5,411	3,219	2,395	4,521	41,548	42,060	48,725	28,714	40,274
TOTAL REVENUES	**5,428,849**	**5,777,871**	**5,927,815**	**6,564,960**	**6,864,887**	**7,154,433**	**7,643,794**	**7,786,874**	**8,189,539**	**8,694,762**
EXPENDITURES - PROGRAMS										
District and School Administration	533,708	539,377	582,660	552,715	552,890	564,478	575,255	619,023	673,311	670,194
District Support Services	183,903	199,865	205,079	201,135	193,545	193,607	205,484	194,620	216,734	280,506
Regular Instruction	2,619,397	2,678,197	2,723,461	2,734,500	2,789,097	2,890,568	2,949,672	3,065,658	3,277,712	3,599,989
Vocational Instruction	40,795	48,723	50,946	80,813	89,200	94,579	88,933	87,851	98,100	106,825
Exceptional Instruction	664,978	676,187	670,089	684,568	715,195	751,514	792,298	763,624	905,464	1,003,230
Instructional Support Services	183,921	192,225	176,990	172,816	215,090	217,510	209,153	316,033	217,017	218,636
Pupil Support Services	543,824	375,252	469,526	478,564	544,666	564,176	524,659	483,431	792,120	900,387
Site, Buildings, and Equipment	857,841	981,782	993,871	915,916	793,963	1,023,609	1,264,620	2,304,797	952,494	1,346,078
Fiscal and Other Fixed Cost Programs	39,016	37,148	37,911	39,204	28,697	32,510	37,871	42,696	59,517	60,465
TOTAL EXPENDITURES	**5,667,383**	**5,728,756**	**5,910,533**	**5,860,231**	**5,922,343**	**6,332,551**	**6,647,945**	**7,877,733**	**7,192,469**	**8,186,310**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(238,534)**	**49,115**	**17,282**	**704,729**	**942,544**	**821,882**	**995,849**	**(90,859)**	**997,070**	**508,452**
OTHER FINANCING SOURCES (USES)										
Proceeds from Sale of Assets	-	300	-	-	1,500	2,500	-	1,800	500	-
Issuance of Right of Use Lease	-	-	-	-	-	-	-	-	3,189	-
Insurance Recovery	-	-	-	-	-	-	-	-	6,161	74,941
Operating Transfers In (Out)	-	(37,282)	(12,621)	(12,848)	(47,645)	(49,692)	(81,401)	(53,350)	(48,371)	(35,674)
TOTAL OTHER FINANCING SOURCES (USES)	**-**	**(36,982)**	**(12,621)**	**(12,848)**	**(46,145)**	**(47,192)**	**(81,401)**	**(51,550)**	**(38,521)**	**39,267**
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	**(238,534)**	**12,133**	**4,661**	**691,881**	**896,399**	**774,690**	**914,448**	**(142,409)**	**958,549**	**547,719**
FUND BALANCE BEGINNING OF YEAR	**1,589,812**	**1,351,278**	**1,363,411**	**1,368,072**	**2,059,953**	**2,956,352**	**3,731,042**	**4,877,199**	**4,734,790**	**5,693,339**
PRIOR PERIOD ADJUSTMENT (GASB No. 84)	**-**	**-**	**-**	**-**	**-**	**-**	**231,709**	**-**	**-**	**-**
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	**1,589,812**	**1,351,278**	**1,363,411**	**1,368,072**	**2,059,953**	**2,956,352**	**3,962,751**	**4,877,199**	**4,734,790**	**5,693,339**
FUND BALANCE END OF YEAR	**$ 1,351,278**	**$ 1,363,411**	**$ 1,368,072**	**$ 2,059,953**	**$ 2,956,352**	**$ 3,731,042**	**$ 4,877,199**	**$ 4,734,790**	**$ 5,693,339**	**$ 6,241,058**
ADJUSTED CASH BALANCES	**$ 1,451,445**	**$ 1,462,084**	**$ 1,732,800**	**$ 2,160,285**	**$ 2,927,819**	**$ 4,035,995**	**$ 5,050,862**	**$ 5,168,502**	**$ 5,692,449**	**$ 6,384,900**
EXPENDITURES - OBJECT										
Salaries and Wages	$ 3,273,796	$ 3,311,956	$ 3,328,748	$ 3,439,760	$ 3,527,860	$ 3,600,502	$ 3,667,235	$ 3,726,996	$ 3,997,163	$ 4,158,994
Employee Benefits	756,203	752,099	759,435	763,200	793,287	844,848	888,209	930,355	982,014	1,075,413
Purchased Services	675,798	931,109	970,147	726,750	827,382	940,280	905,552	1,195,522	1,159,857	1,421,485
Supplies and Materials	472,725	417,081	421,573	425,728	463,781	466,666	452,959	604,030	632,651	810,028
Capital Expenditures	383,251	251,463	387,005	433,058	231,716	390,662	636,756	1,315,025	408,698	718,441
Debt Payments	119,045	119,045	119,045	119,045	119,045	119,045	119,045	119,045	51,099	64,368
Other Expenditures	59,571	56,887	46,600	48,018	41,087	46,799	65,319	59,108	68,802	95,799
Transportation Chargeback	(73,006)	(110,884)	(122,020)	(95,328)	(81,815)	(76,251)	(87,130)	(72,348)	(107,815)	(158,218)
TOTAL EXPENDITURES	**$ 5,667,383**	**$ 5,728,756**	**$ 5,910,533**	**$ 5,860,231**	**$ 5,922,343**	**$ 6,332,551**	**$ 6,647,945**	**$ 7,877,733**	**$ 7,192,469**	**$ 8,186,310**

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMMUNITY SERVICE FUND-DETAIL ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

		Community Education		Community Services				
	Total	General Community Education	Drivers Training	Non Public Aid	Pre School Screening	Other	School Readiness	ECFE
REVENUES								
Total Levy	$ 46,031	$ 25,773						$ 20,258
Other County Receipts	808	808						-
Interest	2,295	2,295						-
State Aid	38,508	2,375		$ 7,325	$ 2,230		$ 23,137	3,441
Federal Aid	29,071	29,071		-	-		-	-
Fees & Charges	94,143	10,225	$ 14,575	-	-		68,023	1,320
TOTAL REVENUES	**210,856**	**70,547**	**14,575**	**7,325**	**2,230**	**$ -**	**91,160**	**25,019**
EXPENDITURES								
Levy Allocation - City	13,000	13,000	-	-	-		-	-
Salaries	174,453	43,486	11,326	2,485	9,473		89,389	18,294
Benefits	42,904	10,737	1,787	832	3,597		21,384	4,567
Purchased Services	7,282	2,167	3,788	-	-		321	1,006
Materials and Supplies	7,526	1,862	1,422	3,659	210		237	136
Miscellaneous	349	-	-	349	-		-	-
TOTAL EXPENDITURES	**245,514**	**71,252**	**18,323**	**7,325**	**13,280**	**-**	**111,331**	**24,003**
EXCESS (DEFICIT)	**(34,658)**	**(705)**	**(3,748)**	**-**	**(11,050)**	**-**	**(20,171)**	**1,016**
OPERATING TRANSFERS IN	**35,674**	**4,453**	**-**	**-**	**11,050**	**-**	**20,171**	**-**
FUND BALANCE, BEGINNING	**74,532**	**(11,441)**	**11,441**	**224**	**(430)**	**206**	**-**	**74,532**
FUND BALANCE, ENDING	**$ 75,548**	**$ (7,693)**	**$ 7,693**	**$ 224**	**$ (430)**	**$ 206**	**$ -**	**$ 75,548**

SINGLE AUDIT AND OTHER REQUIRED REPORTS

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal Control Over Financial Reporting:

Material weakness(es) identified?	_X_ Yes	____ No
Significant deficiency(ies) identified?	____ Yes	_X_ None reported

Noncompliance material to financial statements noted?	____ Yes	_X_ No

FEDERAL AWARDS

Internal Control Over Major Federal Programs:

Material weakness(es) identified?	____ Yes	_X_ No
Significant deficiency(ies) identified?	____ Yes	_X_ None reported

Type of auditor's report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	_X_ No

Identification of major federal programs:

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
	COVID-19 Education Stabilization Fund
84.425C	COVID-19 Governor's Emergency Education Relief (GEER) Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

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

Auditee qualified as a low-risk auditee?	____ Yes	_X_ No

B. FINDINGS – FINANCIAL STATEMENTS AUDIT
INTERNAL CONTROL OVER FINANCIAL REPORTING
PREVIOUSLY REPORTED ITEM NOT RESOLVED

2023-001 Audit Adjustments

Condition: During our audit, we proposed various adjustments that resulted in significant changes to the District's financial statements. This finding was reported in the prior year audit as finding number 2022-001. As in the prior year, the adjustments resulted from the general ledger being maintained on the cash basis of accounting rather than the accrual basis. The District's corrective action plan for the prior year audit filed with the Minnesota Department of Education stated that the District would review the prior year journal entries to determine the substance of the journal entries that should be prepared at year end. The District has determined that it will continue to rely on guidance from the auditors for required adjustments to receivable and revenue accounts.

Effect: A control deficiency 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 misstatements of the financial statements on a timely basis. One control deficiency that typically is considered significant is identification by the auditor of a material misstatement in the financial statements not initially identified by the entity's internal controls. This could affect the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Cause: As is the case with many small entities, the District has relied on its independent external auditors to assist in the preparation of the journal entries necessary to convert the general ledger to the accrual basis of accounting. Accordingly, the District's ability to produce an accrual basis general ledger is based, at least in part, on its reliance on its external auditors, who cannot by definition be considered part of the District's internal control. This condition was caused by the District's decision that it would rely on its auditors to assist in preparing an accrual basis general ledger.

Criteria: The District's accounting staff should prepare journal entries during the year, or at a minimum, at year end to convert the cash basis general ledger to a modified accrual basis general ledger. The external auditor's staff cannot be considered to be part of the District's internal control and should not be relied upon to propose a significant number of material audit adjustments.

Recommendation: We recommend that the District's accounting staff continue the process of reviewing journal entries posted to the general ledger and work towards preparing all required year- end adjustments. If the District determines that this plan is not attainable, the plan should be amended to reflect the attainable goal.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendations will be adopted.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT (Cont'd)

LEGAL COMPLIANCE

ITEM ARISING IN CURRENT YEAR

2023-002 Lack of Adequate Collateral Coverage

Condition: The District did not have adequate collateral coverage for the District's deposits at all times during the year. The District did have adequate coverage at the end of the year.

Effect: The District was at risk of economic loss for deposit amounts in excess of collateral coverage and was in violation of Minnesota Statute §118A.03 subd. 3.

Cause: The level of deposits was not sufficiently monitored to ensure that adequate collateral coverage was in place.

Criteria: Minnesota Statute §118A.03 subd. 3 requires that all deposits be backed by pledged collateral in the amount of 110% of the excess over the FDIC insurance limit.

Recommendation: We recommend that the District personnel more closely monitor the deposit levels and the level of pledged collateral to ensure compliance with Minnesota Statutes and to minimize the risk of economic loss.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendation will be adopted.

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

COVID-19 Education Stabilization Fund	
COVID-19 Governor's Emergency Education Relief (GEER) Fund	Assistance Listing No. 84.425C
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	Assistance Listing No. 84.425D
COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	Assistance Listing No. 84.425U

None

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023

2023-001 Audit Adjustments

Auditor Recommendation

We recommend that the District's accounting staff continue the process of reviewing journal entries posted to the general ledger and work towards preparing all required year-end adjustments. If the District determines that this plan is not attainable, the plan should be amended to reflect the attainable goal.

Corrective Action Plan (CAP)

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

2. Action Planned in Response to Finding
   Brandi Full (Business Manager) will strive to ensure that journal entries are entered and reviewed properly and will work towards preparing all required year-end adjustments.

3. Official Responsible for Insuring CAP
   Ryan Nielsen (Superintendent) is the official responsible for insuring corrective action of the deficiency.

4. Planned Completion Date for CAP
   This plan has been and will continue to be implemented during the 2023-2024 fiscal year.

5. Plan to Monitor Completion of CAP
   Ryan Nielsen and the School Board will be monitoring this corrective action plan.

2023-002 Lack of Adequate Collateral Coverage

Auditor Recommendation

We recommend that the District personnel more closely monitor the deposit levels and the level of pledged collateral to ensure compliance with Minnesota Statutes and to minimize the risk of economic loss.

Corrective Action Plan (CAP)

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

2. Action Planned in Response to Finding
   The District will continue to work with the bank to make sure it is purchasing enough collateral to cover these balances.

3. Official Responsible for Insuring CAP
   Ryan Nielsen (Superintendent) is the official responsible for insuring corrective action of the deficiency.

4. Planned Completion Date for CAP
   This plan has been and will continue to be implemented during the 2023-2024 fiscal year.

5. Plan to Monitor Completion of CAP
   Ryan Nielsen and the School Board will be monitoring this corrective action plan.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

FINDINGS RELATIVE TO FINANCIAL STATEMENT AUDIT
INTERNAL CONTROL

2022-001 Audit Adjustments

Condition: This finding was a material weakness stating that audit adjustments were required that resulted in significant changes to the District's financial statements. These audit adjustments pertained to unearned revenue, receivables and expenditures.

Recommendation: We recommended that the District's accounting staff continue to work towards its goal of preparing all required year end adjustments.

Current Status: The District attempted to implement this recommendation in the fiscal year 2023; however, there were material audit adjustments again suggested for the 2023 audit. The area of these adjustments were similar to the prior year finding.

2022-002 Untimely Payment of Federal Tax Withholding

Condition: This finding was a significant deficiency stating that a wire transfer for payroll taxes was overlooked and would affect the District's ability to process financial data consistent with the assertion of management in the financial statements.

Recommendation: We recommended that the Business Manager review and process wire transfers in a timely manner.

Current Status: This finding has been resolved as the District implemented this recommendation in the fiscal year 2023.

FINDINGS RELATIVE TO FINANCIAL STATEMENT AUDIT
LEGAL COMPLIANCE

2022-003 Outstanding Stale Dated Check

Condition: This finding was noncompliance stating that a stale check was noted that should have been reported and paid or delivered to the State of Minnesota as unclaimed property.

Recommendation: We recommended that the Business Manager follow Minnesota Statute §345.38, subd. 43 for stale dated checks.

Current Status: This finding has been resolved as the District implemented this recommendation in the fiscal year 2023.

FINDINGS RELATIVE TO FEDERAL AWARD PROGRAMS

None

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

Members of the School Board
Independent School District No. 891
Canby, 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 basic financial statements of the governmental activities and each major fund of Independent School District No. 891, Canby, Minnesota, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise Independent School District No. 891, Canby, Minnesota's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered Independent School District No. 891, Canby, Minnesota'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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 891, Canby, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 891, Canby, Minnesota'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 basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 891, Canby, Minnesota's basic 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 basic 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*.

Minnesota Legal Compliance

In connection with our audit, we noted that Independent School District No. 891, Canby, Minnesota failed to comply with the provisions of the depositories of public funds and public investments 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 accompanying schedule of findings and questioned costs as item 2023-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that Independent School District No. 891, Canby, Minnesota failed to comply with the provisions of the contracting-bid laws, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, 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.

Independent School District No. 891, Canby, Minnesota's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Independent School District No. 891, Canby, Minnesota's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs corrective action plan. Independent School District No. 891, Canby, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Hoffman + Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

December 1, 2023

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Members of the School Board
Independent School District No. 891
Canby, Minnesota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Independent School District No. 891, Canby, Minnesota's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Independent School District No. 891, Canby, Minnesota's major federal program for the year ended June 30, 2023. Independent School District No. 891, Canby, Minnesota's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Independent School District No. 891, Canby, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of Independent School District No. 891, Canby, Minnesota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Independent School District No. 891, Canby, Minnesota's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Independent School District No. 891, Canby, Minnesota's federal program.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Independent School District No. 891, Canby, Minnesota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Independent School District No. 891, Canby, Minnesota's compliance with the requirements of its major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Independent School District No. 891, Canby, Minnesota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Independent School District No. 891, Canby, Minnesota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 891, Canby, Minnesota's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of Independent School District No. 891, Canby, Minnesota as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise Independent School District No. 891, Canby, Minnesota's basic financial statements. We issued our report thereon dated December 1, 2023, which contained unmodified opinions on those basic financial statements. Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hoffman + Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

December 1, 2023

INDEPENDENT SCHOOL DISTRICT NO. 891
CANBY, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	Assistance Listing	Federal Expenditures
U.S. Department of Education		
Received Directly from the Federal Government		
Small, Rural School Achievement Program	84.358A	$ 11,368
Total Received Directly from the Federal Government		11,368
Passed Through Minnesota Department of Education		
Special Education Cluster		
Grants to States (IDEA, Part B)	84.027	91,241
Total Special Education Cluster		91,241
Title I, Part A	84.010	149,981
Career and Technical Education - Basic Grants to States (Perkins V)	84.048A	866
COVID-19 Education Stabilization Fund		
COVID-10 Governor's Emergency Education Relief (GEER) Fund	84.425C	335
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	194,086
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	293,951
Total COVID-19 Education Stabilization Fund		488,372
Total U.S. Department of Education		**741,828**
U.S. Department of the Treasury		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	11,578
Total U.S. Department of the Treasury		**11,578**
U.S. Department of the Health and Human Services		
Passed Through Minnesota Department of Education		
COVID-19 Minnesota COVID-19 Testing Program (Fund 01)	93.323	20,000
Total U.S. Department of Health and Human Services		**20,000**
U.S. Department of Agriculture		
Passed Through Minnesota Department of Education		
Child Nutrition Cluster		
National School Lunch Program		
Regular	10.555	63,913
Free/Reduced	10.555	131,528
COVID-19 Supply Chain Assistance	10.555	15,239
Commodities	10.555	30,791
Total National School Lunch Program		241,471
School Breakfast Program	10.553	55,651
Total Child Nutrition Cluster		**297,122**
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	**628**
Total U.S. Department of Agriculture		**297,750**
TOTAL FEDERAL EXPENDITURES		**$ 1,071,156**

NONCASH ASSISTANCE
Noncash assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

FOOD DISTRIBUTION
Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling $4,723 in inventory.

PASS-THROUGH ENTITY IDENTIFYING NUMBER
The pass-through entity identifying number is unknown.

LOAN PROGRAMS AND LOAN GUARANTEE PROGRAMS
Independent School District No. 891, Canby, Minnesota, did not provide loan programs or loan guarantee programs, accordingly, there are no year-end loan balances.

SUBRECIPIENTS
Independent School District No. 891, Canby, Minnesota, did not provide federal awards to subrecipients.

NOTE A – REPORTING ENTITY

The schedule of expenditures of federal awards presents the activities of federal award programs expended by Independent School District No. 891, Canby, Minnesota. The District's reporting entity is defined in Note 1 to the basic financial statements.

NOTE B – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Independent School District No. 891, Canby, Minnesota, under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Independent School District No. 891, Canby, Minnesota.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE D – DE MINIMIS INDIRECT COST RATE

Independent School District No. 891, Canby, Minnesota, has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE E – LOAN PROGRAMS AND LOAN GUARANTEE PROGRAMS

Independent School District No. 891, Canby, Minnesota, did not provide loan programs or loan guarantee programs, accordingly, there are no year-end loan balances.

NOTE F – DONATED FEDERALLY FUNDED PERSONAL PROTECTIVE EQUIPMENT

Independent School District No. 891, Canby, Minnesota, did not receive any donated federally funded personal protective equipment.

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MANAGEMENT LETTER

Members of the School Board
Independent School District No. 891
Canby, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities and each major fund of Independent School District No. 891, Canby, Minnesota, for the year ended June 30, 2023, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of the following opportunity for strengthening internal controls and operating efficiency. We previously reported on the District's internal control and any related significant deficiencies and material weaknesses in our report dated December 1, 2023. This letter does not affect our report dated December 1, 2023, on the basic financial statements of the Independent School District No. 891, Canby, Minnesota.

- Due to the limited number of office personnel within Independent School District No. 891, Canby, Minnesota, segregation of the accounting functions necessary to ensure adequate internal accounting control is not always possible. The District has responded to this deficiency by implementing various oversight controls by the School Board and Management. These oversight controls help to mitigate the risk to the District created by the lack of segregation of duties within the accounting function. However, the risks that are created by the lack of segregation of duties can never be completely eliminated. The School Board and Management should continue to be diligent in their review of financial transactions, and document these procedures by initialing invoices, and approving monthly revenue and expenditure reports.

If you have any questions regarding this item, please contact us.

Hoffman + Brobst, PLLP

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

December 1, 2023

DEPARTMENT OF EDUCATION

Fiscal Compliance

Fiscal Compliance Report - 6/30/2023

District: CANBY (891-1)

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	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	$8,694,762	$8,694,763	($1)
Total Expenditures	$8,186,310	$8,186,312	($2)
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$78,919	$78,919	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$34,857	$34,857	$0
4.07 Capital Projects Levy	$0	$0	$0
4.08 Cooperative Revenue	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.14 Operating Debt	$0	$0	$0
4.16 Levy Reduction	$0	$0	$0
4.17 Taconite Building Maint	$0	$0	$0
4.24 Operating Capital	$117,522	$117,522	$0
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$22,959	$22,959	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$102,731	$102,731	$0
4.48 Achievement and Integration	$0	$0	$0
4.49 Safe Schools Levy	$72,803	$72,803	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$107,643	$107,643	$0
4.72 Medical Assistance	$68,100	$68,100	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
4.75 Title VII Impact Aid	$0	$0	$0
4.76 Payments in Lieu of Taxes	$0	$0	$0
Committed:			
4.18 Committed for Separation	$0	$0	$0
4.61 Committed Fund Balance	$0	$0	$0
Assigned:			
4.62 Assigned Fund Balance	$1,501,398	$1,501,398	$0
Unassigned:			
4.22 Unassigned Fund Balance	$4,134,126	$4,134,125	$1
02 FOOD SERVICES			
Total Revenue	$507,809	$507,809	$0
Total Expenditures	$544,661	$544,662	($1)
Non Spendable:			
4.60 Non Spendable Fund Balance	$5,403	$5,403	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$279,488	$279,488	$0

	Audit	UFARS	Audit - UFARS
06 BUILDING CONSTRUCTION			
Total Revenue	$121,784	$121,784	$0
Total Expenditures	$722,657	$722,657	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.07 Capital Projects Levy	$0	$0	$0
4.13 Funded by COP/FP	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$22,861,025	$22,861,025	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
07 DEBT SERVICE			
Total Revenue	$740,474	$740,473	$1
Total Expenditures	$98,395	$98,395	$0
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.25 Bond Refundings	$0	$0	$0
4.33 Maximum Effort Loan Aid	$0	$0	$0
4.51 QZAB Payments	$2,477,148	$2,477,148	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$185,894	$185,894	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0
08 TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
18 CUSTODIAL			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0
20 INTERNAL SERVICE			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0
4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0
25 OPEB REVOCABLE TRUST			
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0

Unassigned:

4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

Total Revenue	$210,856	$210,856	$0
Total Expenditures	$245,514	$245,513	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$0	$1	($1)
4.32 E.C.F.E	$75,548	$75,548	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$0	$1	($1)
4.47 Adult Basic Education	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$0	$0	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

4.22 Unassigned Fund Balance (Net Assets)	$0	$0	$0

45 OPEB IRREVOCABLE TRUST

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

47 OPEB DEBT SERVICE

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

Appendix C

Form of Continuing Disclosure Certificate

$__________
INDEPENDENT SCHOOL DISTRICT NO. 891
(CANBY PUBLIC SCHOOL DISTRICT)
LAC QUI PARLE, LINCOLN AND YELLOW MEDICINE COUNTIES, MINNESOTA
GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS
SERIES 2024A

CONTINUING DISCLOSURE CERTIFICATE

May ___, 2024

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota (the "District"), in connection with the issuance of its General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds"), in the original aggregate principal amount of $__________. The Bonds are being issued pursuant to a resolution adopted by the School Board of the District (the "Resolution"). The Bonds are being delivered to ____________[, as syndicate manager] (the "Purchaser"), on the date hereof. Pursuant to the Resolution, the District has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The District hereby covenants and agrees as follows:

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

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

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

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

"Bonds" means the General Obligation Facilities Maintenance Bonds, Series 2024A, issued by the District in the original aggregate principal amount of $__________.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

"District" means Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota, which is the obligated person with respect to the Bonds.

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

"Final Official Statement" means the Final Official Statement, dated __________, 2024, 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. Provision of Annual Financial Information and Audited Financial Statements.

(a) The District shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends June 30, 2024, 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. Financial Information
2. Summary of Debt and Debt Statistics

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

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

Section 5. Reporting of Material Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

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

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

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

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

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

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

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

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any

Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 891
(CANBY PUBLIC SCHOOL DISTRICT),
LAC QUI PARLE, LINCOLN AND
YELLOW MEDICINE COUNTIES, MINNESOTA

____
Board Chair

____
Clerk

Appendix D

Book-Entry System

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity and will be deposited with DTC.

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, as amended (the "Exchange Act"). 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"). S&P Global Ratings has assigned DTC its 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds 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 detailed information from the District or Registrar, 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, the Registrar, 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 the Registrar, 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.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

Appendix E

Official Notice of Sale and Bid Form

OFFICIAL NOTICE OF SALE

AND

BID FORM

FOR

INDEPENDENT SCHOOL DISTRICT NO. 891
(CANBY PUBLIC SCHOOL DISTRICT)
LAC QUI PARLE, LINCOLN AND YELLOW MEDICINE COUNTIES, MINNESOTA

$1,530,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2024A

DATE AND TIME:	April 3, 2024, 10:00 a.m. Central Daylight Savings Time
PLACE:	PMA Securities, LLC 5298 Kyler Ave Northeast Albertville, Minnesota 55301 Attention: Joel Hanson Phone: (612) 509-2566 Fax: (630) 718-8701 E-mail: compbidMN@pmanetwork.com
FORM OF BIDDING:	Electronic or via e-mail, as described herein

*Preliminary, subject to change.

Official Notice of Sale

Independent School District No. 891
(Canby Public School District)
Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota
$1,530,000* General Obligation Facilities Maintenance Bonds, Series 2024A

Notice is Hereby Given that the School Board (the "Board") of Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota (the "District"), will receive bids either (i) electronically via **Parity**® or (ii) sent via e-mail to compbidMN@pmanetwork.com (each as more fully described below), for the purchase of the District's $1,530,000* General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds"), on an all or none basis at the following time and place:

Date and Time:	10:00 a.m. Central Daylight Savings Time April 3, 2024
Place:	Offices of the District's Municipal Advisor: PMA Securities, LLC (the "Municipal Advisor") 5298 Kyler Avenue Northeast Albertville, Minnesota 55301
Award of Bonds:	Bids will be publicly announced at the above time and place. Unless all bids are rejected, award will be made by the designated officials of the Board and the District to the bidder offering the *lowest true interest cost* ("TIC") to the District.

The Bonds

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended and Minnesota Statutes, Section 123B.595, as amended. Proceeds of the Bonds will be used to provide funds (i) for various long-term facilities maintenance projects as described in the District's ten-year facility plan; and (ii) to pay certain costs associated with the issuance of the Bonds. The proposed form of legal opinion of Bond Counsel is set forth in Appendix A to the Preliminary Official Statement.

At closing, Kennedy & Graven, Chartered ("Bond Counsel") will render an opinion that the Bonds are valid and binding general obligations of the District. The Bonds will be secured by the District's pledge of its full faith and credit and power to levy direct general ad valorem taxes. In addition, the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended ("Minnesota School District Credit Enhancement Program"), which provides for payment by the State of Minnesota (the "State"), in the event of a potential default of a school district debt obligation, of the principal and interest on the Bonds when due.

*Preliminary, subject to change.

Each proposal must be submitted on the Official Bid Form without alteration or change until 10:00 a.m. Central Daylight Savings Time either:

(i) via **Parity**® in accordance with this Official Notice of Sale. To the extent any instructions or directions set forth in **Parity**® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about **Parity**®, potential bidders may contact the Municipal Advisor or i-Deal LLC at 1359 Broadway, New York, NY 10018, telephone (212) 849-5021; or

(ii) via e-mail to compbidMN@pmanetwork.com.

The bidder bears all risk of transmission failure.

Any bidder intending to bid via e-mail shall notify the Municipal Advisor of such intention no later than the close of business on Tuesday, April 2, 2024.

Determination of Winning Bid

The Bonds will be awarded to the single and best bidder (the "Purchaser") whose bid will be determined upon the basis of the **lowest TIC** at the rate designated in said bid from the dated date to the maturity date after deducting the bid premium or adding the bid discount, if any. The TIC will be calculated as the rate which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds (principal is payable annually on February 1, commencing February 1, 2026 and interest, payable semiannually on each February 1 and August 1, commencing August 1, 2024), produces an amount on the closing date of the Bonds (expected to be May 1, 2024) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the bidder whose proposal is selected by lot from among all such proposals.

Bidding Parameters

The Bonds will be dated the date of issuance thereof (expected to be May 1, 2024) and will mature on the date and in the amount as described in the Official Bid Form attached hereto.

The Bonds due on or after February 1, 2034 are subject to optional redemption prior to maturity in whole or in part on February 1, 2033, and on any date thereafter at a redemption price of par plus accrued interest to the date of optional redemption.

Any bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

The interest rate must be one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate shall be specified. The rate bid shall not exceed 5.00%. All bids must be for all of the Bonds and must be for not less than 100.00% of the par amount thereof.

Attorneys' fees, rating agency fees, Municipal Advisor fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing this Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting a bid, the Purchaser agrees to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

A good faith deposit will not be required prior to bid opening. The Purchaser is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for TWO PERCENT OF PAR payable to the Treasurer who receives the taxes of the District as evidence of good faith of the Purchaser (the "Deposit") not later than 3:30 P.M. Central Daylight Savings Time on April 3, 2024 (the "Sale Date"). The Deposit will be retained by the District pending delivery of the Bonds. The District may hold the proceeds of the Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Bonds, until applied as follows: (a) at the delivery of the Bonds and upon compliance with the Purchaser's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Purchaser fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

Establishment of Issue Price at Time of the Award

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

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

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

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

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

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

Any action to be taken or documentation to be received by the District pursuant hereto may be taken or received on behalf of the District by PMA Securities, LLC, in Albertville, Minnesota.

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

Closing Transcript

At the time of delivery, the District will furnish to the Purchaser the approving legal opinion of Bond Counsel and, in due course, a complete certified transcript of all proceedings in connection with the issuance of the Bonds which shall include a non-litigation certificate showing that there is no litigation pending or threatened as to the validity or security of the Bonds.

Tax Considerations

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

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

See "TAX EXEMPTION" in the Preliminary Official Statement.

Book-Entry Only

The Bonds will be issued as fully-registered certificate without coupons and, when issued, will be registered 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. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry-only form only through DTC participants, in the principal amount of $5,000 and integral multiples thereof. Individual purchasers will not receive Bonds evidencing their ownership of the Bonds purchased. The Purchaser shall be required to deposit the Certificate Bonds with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

In the event that the securities depository relationship with DTC for the Bonds is terminated and the District does not appoint a successor depository, the District will prepare, authenticate and deliver, at its expense, fully-registered Bonds in the denominations of $5,000 or an integral multiple thereof in the aggregate principal amount of the Bonds of the same maturity then outstanding to the beneficial owners of the Bonds.

CUSIP Numbers

It is intended that CUSIP numbers will be printed on the Bonds, but neither the failure to print or type such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and make payment for the Bonds. All expenses in relation to the printing of CUSIP numbers, including CUSIP Service Bureau charges for the assignment of said numbers, shall be the responsibility of and shall be paid by the Purchaser.

Continuing Disclosure

In the Resolution awarding the sale of the Bonds, the District will covenant and agree to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Undertaking"). The form of the Undertaking is set forth in Appendix C in the Preliminary Official Statement. Please see the section entitled "CONTINUING DISCLOSURE" in the Preliminary Official Statement for a description of the District's compliance during the last five years with undertakings previously entered into by it pursuant to the Rule.

The Purchaser's obligation to purchase the Bonds shall be conditional upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

Official Statement

The District declares the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date for purposes of the Rule, except for the omission of the offering prices or yields, the interest rates, any other terms or provisions required by the District specified in the bid, ratings, other terms of the Bonds depending on such matters, and the identity of the Purchaser. Upon the sale of the Bonds, the District will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Purchaser will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. Promptly after the Sale Date, but in no event later than seven business days after the Sale Date, the District will provide the Purchaser with an electronic copy of the final Official Statement. The Purchaser agrees to supply to the District all information necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Conditions of Closing

The District reserves the right to reject any or all bids and to determine the best bid in its sole discretion, and to waive any informality in any bid. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the Parity® webpage and through *Thompson Municipal News*.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds will be delivered to the Purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be May 1, 2024. Should delivery, however, be delayed beyond forty-five (45) days from the Sale Date for any reason beyond the control of the District except failure of performance by the Purchaser, the District may cancel the award or the Purchaser may withdraw the Deposit and thereafter the Purchaser’s interest in and liability for the Bonds will cease.

Additional Information

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: Brandi Full, Business Manager, 307 1st Street West, Canby, Minnesota 56220, Telephone: (507) 223- 2001, or from the Municipal Advisor, Attention: Joel Hanson, 5298 Kyler Avenue Northeast, 2nd Floor, Albertville, Minnesota 55301, Telephone: (612) 509-2566.

By order of the School Board of Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota, dated this 22nd day of March 2024.

/s/ Brandi Full
Business Manager
Independent School District No. 891
(Canby Public School District)
Lac qui Parle, Lincoln and Yellow Medicine
Counties, Minnesota

OFFICIAL BID FORM

School Board
Independent School District No. 891
(Canby Public School District)
Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota

April 3, 2024

Ladies and Gentlemen:

Subject to all the provisions of the Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase the General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds"), as described below:

Par amount of Bonds:	$1,530,000*
Dated date:	Date of Issuance
Purchase price:	$______________
(not less than 100.00% of the par amount of the Bonds)	

The Bonds shall bear interest as follows ((i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 5.00%).

Maturity (February 1)	Amount ($)*	Rate	Term Bonds (Year)
2026	55,000	_________	_________
2027	60,000	_________	_________
2028	60,000	_________	_________
2029	65,000	_________	_________
2030	65,000	_________	_________
2031	70,000	_________	_________
2032	75,000	_________	_________
2033	75,000	_________	_________
2034	80,000	_________	_________
2035	85,000	_________	_________
2036	90,000	_________	_________
2037	95,000	_________	_________
2038	100,000	_________	_________
2039	100,000	_________	_________
2040	105,000	_________	_________
2041	110,000	_________	_________
2042	115,000	_________	_________
2043	125,000	_________	_________

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of $5,000. If the principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000 bond.

The Bonds due on or after February 1, 2034 are subject to optional redemption prior to maturity in whole or in part on February 1, 2033, and on any date thereafter at a redemption price of par plus accrued interest to the date of optional redemption.

Any bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

The Bonds are to be accompanied by the unqualified approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel, and a certificate evidencing that no litigation is pending against the District which will affect the validity or security of the Bonds.

Attorneys' fees, Municipal Advisor fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting this bid, we agree to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

If the net interest cost or the true interest cost stated below is incorrectly computed, the undersigned agrees that the purchase price and interest rates above shall prevail.

Net Interest Cost: $______________

True Interest Cost: ______________ %

This bid is a firm offer for the purchase of the Bonds identified in the Official Notice of Sale, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. *If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.*

We understand that if we are the winning bidder, we will deposit with the Treasurer who receives the taxes of the District not later than 3:30 P.M. Central Daylight Savings Time on the Sale Date a certified or cashier's check or a wire in the amount of a two percent (2%) of the par amount of the Bonds payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

____
Managing Underwriter Signature

Name of Firm: ___________________________

Direct Contact: ___________________________

Address: ___________________________

Phone Number: ___________________________

E-Mail Address: ___________________________

—PLEASE ATTACH A LIST OF ACCOUNT MEMBERS—

The foregoing offer is hereby accepted this 3rd day of April 2024, by the School Board of Independent School District No. 891 (Canby Public School District), Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota and in recognition thereof is signed by the official of the District empowered and authorized to make such acceptance.

________________________________	________________________________
School Board Officer Independent School District No. 891 (Canby Public School District) Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota	Business Manager Independent School District No. 891 (Canby Public School District) Lac qui Parle, Lincoln and Yellow Medicine Counties, Minnesota