PRELIMINARY OFFICIAL STATEMENT DATED MAY 2, 2024

SALE DATE AND TIME:
MAY 13, 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 Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

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

$4,000,000*
INDEPENDENT SCHOOL DISTRICT NO. 2135
(MAPLE RIVER)
BLUE EARTH, FARIBAULT & WASECA COUNTIES, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2024A

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

The General Obligation School Building Bonds, Series 2024A (the "Bonds"), of Independent School District No. 2135 (Maple River), Blue Earth, Faribault & Waseca 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 February 1 and August 1 beginning February 1, 2025, 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 a special election held on February 11, 2020, at which voters of the District approved a building program. Proceeds of the Bonds will be used to provide funds for (i) the acquisition and betterment of school sites and facilities, 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 Dorsey & Whitney LLP, Minneapolis, Minnesota, as bond counsel. Delivery of the Bonds through the facilities of DTC will be on or about June 4, 2024.

PMA™
SECURITIES

AS MUNICIPAL ADVISOR

The date of this Official Statement is May __, 2024

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

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

$4,000,000* General Obligation School Building Bonds, Series 2024A

Maturity (February 1)	Amount ($)*	Rate (%)	Yield (%)	CUSIP[(1)] (565323)
2026	60,000			
2027	65,000			
2028	155,000			
2029	160,000			
2030	170,000			
2031	180,000			
2032	190,000			
2033	200,000			
2034	205,000			
2035	220,000			
2036	225,000			
2037	235,000			
2038	245,000			
2039	255,000			
2040	265,000			
2041	275,000			
2042	285,000			
2043	300,000			
2044	310,000			

*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. 2135 (Maple River), Blue Earth, Faribault & Waseca 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. 2135
(Maple River)
Blue Earth, Faribault & Waseca Counties, Minnesota
801 Central Avenue South
Mapleton, Minnesota 56065
(507) 524-3918

* * * * * * * * * * * * * * * * * *

Board of Education

Board Chair	Vice Chair	Clerk	Treasurer
Joe Sohre	Jeff Kunkel	Karson Duncanson	Dan Sohre

Directors

Noah Germo   Andrea Sonnek   Tyler Hunstad

Superintendent
Dan Anderson

Business Manager
Sherry Haugen

* * * * * * * * * * * * * * * * * *

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

Independent Auditors
Abdo
100 Warren Street, Suite 600
Mankato, Minnesota 56001

Bond Counsel
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, Minnesota 55402

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

Underwriter
TBD

TABLE OF CONTENTS

SUMMARY OF ISSUANCE

$4,000,000*
Independent School District No. 2135
(Maple River)
Blue Earth, Faribault & Waseca Counties, Minnesota
General Obligation School Building Bonds, Series 2024A

Amount:	$4,000,000*
Issuer:	Independent School District No. 2135 (Maple River), Blue Earth, Faribault & Waseca Counties, Minnesota (the "District")
Issue Type:	General Obligation School Building Bonds, Series 2024A (the "Bonds")

Maturities*:

2/1/2026	$60,000	2/1/2033	$200,000	2/1/2040	$265,000
2/1/2027	65,000	2/1/2034	205,000	2/1/2041	275,000
2/1/2028	155,000	2/1/2035	220,000	2/1/2042	285,000
2/1/2029	160,000	2/1/2036	225,000	2/1/2043	300,000
2/1/2030	170,000	2/1/2037	235,000	2/1/2044	310,000
2/1/2031	180,000	2/1/2038	245,000		
2/1/2032	190,000	2/1/2039	255,000		

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:	May 13, 2024
Date of Issuance:	June 4, 2024
Closing:	June 4, 2024
Interest Payment:	The Bonds will pay interest semi-annually on each February 1 and August 1, commencing on February 1 , 2025. 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 a special election held on February 11, 2020, at which voters of the District approved a building program. Proceeds of the Bonds will be used to provide funds for (i) the acquisition and betterment of school sites and facilities, 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:	Dorsey & Whitney LLP, 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. 2135 (Maple River), Blue Earth, Faribault & Waseca Counties, Minnesota (the "District"), in connection with the offering and sale of General Obligation School Building 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 February 1, 2025.

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 "Registrar"), 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 a special election held February 11, 2020. At such election, 1,034 votes (50.1%) were cast in favor a building program and 1,028 votes (49.9%) votes were cast against the building program. The sale of the Bonds will be approved by resolutions adopted by the Board of Education of the District (the "Board") on April 8, 2024, and May 13, 2024 (together, the "Resolution"). Proceeds of the Bonds will be used to provide funds (i) for the acquisition and betterment of school sites and facilities (the "Project"), 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 the acquisition and betterment of school sites and facilities, including the acquisition of land for and the construction and equipping of a new prek-12 school facility, and the sale or demolition of existing school sites and facilities.

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, the District will covenant and obligate itself to participate in the MNCEP and 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 covenants in the 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.

The State Payment Law authorizes and directs the Commissioner of Management and Budget, under certain circumstances and subject to available funds, to issue a warrant and authorized the Commissioner of Education to pay debt service due on school district and intermediate school district obligations that qualify for participation in the MNCEP. The State Payment Law appropriates annually from the general fund of the State to the Commissioner of Education, the amounts needed to pay any warrants issued.

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 State Payment Law was not intended to create indebtedness of the State of Minnesota. Payment by the State under the provisions of the State Payment Law 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 Act 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 CONSIDERATIONS" 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 CONSIDERATIONS” 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 $2,185,929 for PERA and $5,933,536 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 to certain eligible employees through the OPEB Plan, a single employer defined benefit plan that provides health insurance to eligible employees. Benefit and eligibility provisions are established through negotiations between the District and the union representing the District employees and are renegotiated each two-year bargaining period. The District reported net OPEB liability in the amount of $416,108 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 Certificates..	$0.00
[Net]Original Issue [Premium/(Discount)]	0.00
Total Sources	$0.00

Uses of Funds

Deposit into the Project Construction Fund	$0.00
Deposit into the Capitalized Interest (CIF) Fund.............	0.00
Costs of Issuance[(1)]..	0.00
Total Uses	$0.00

*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"), for the benefit of holders of the Bonds and the original purchaser, the District will covenant in the Resolution (the "Undertaking") 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 Form of Continuing Disclosure 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 Dorsey & Whitney LLP, 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 CONSIDERATIONS

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

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

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

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

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

Tax-Exempt Interest

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

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

Original Issue Discount

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

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

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

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

Market Discount

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

Bond Premium

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

Related Tax Considerations

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

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

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

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

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

Sale or Other Disposition

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

Information Reporting and Backup Withholding

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

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 May 13, 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 Mapleton (the "City") in Blue Earth County (the "County"), and serves the Amboy, Good Thunder, Mapleton, and Minnesota Lake areas located in portions of Blue Earth, Faribault, and Waseca counties (together, the "Counties"). The District is located in the southern portion of the State approximately 90 miles west of Rochester and approximately 100 miles southwest of the Minneapolis/St. Paul Metropolitan Area.

Elected Officials

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

Title	Name	Current Term Expires
Chair.................................	Joe Sohre	December 31, 2024
Vice-Chair.........................	Jeff Kunkel	December 31, 2024
Clerk.................................	Karson Duncanson	December 31, 2024
Treasurer...........................	Dan Sohre	December 31, 2026
Director.............................	Noah Germo	December 31, 2026
Director.............................	Andrea Sonnek	December 31, 2026
Director.............................	Tyler Hunstad	December 31, 2026

Source: The District.

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-5)	Secondary (6-12)	Total
2019-20	396	483	879
2020-21	391	469	860
2021-22	405	485	890
2022-23	439	491	930
2023-24	439	502	941
2024-25(1)	443	507	950
2025-26(1)	456	509	965
2026-27(1)	462	504	966
2027-28(1)	462	510	972
2028-29(1)	462	510	972

(1) Projected enrollment.
Source: The District.

Educational Facility

The table below reflects the educational facility and grades served, as well as current and capacity enrollment of the District as of April 2, 2024.

Facility	Grades Served	Current Enrollment	Capacity Enrollment	Constructed
Maple River Schools...........	EC-12	941	950-1000	2022

Source: The District.

Bargaining Units/Contracts

The table below reflects the employee groups and the expiration dates of current contracts for the District, all as of April 2, 2024. The District had 168 employees, including 88 non-licensed employees and 80 licensed employees (74 of which were teachers), as of April 2, 2024. The District considers its relationship with its employees to be in good standing.

Employee Group	Expiration Date
Teachers	June 30, 2025
Less than 12 month Support Staff	June 30, 2024
Custodians	June 30, 2024
Secretarial Group	June 30, 2024
Mid Management	June 30, 2024
Business Office	June 30, 2024
Business Manager	June 30, 2024
Principals	June 30, 2024
Superintendent	June 30, 2027
Community Ed Support Staff	June 30, 2024

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 Counties and the State.

	2000	2010	2020	% Change 2010-2020
The District	N/A	6,069	5,766	-4.993
The City	1,678	1,756	1,710	-2.620
The County	55,941	64,013	69,112	7.966
Faribault County	16,181	14,553	13,921	-4.343
Waseca County	19,526	19,136	18,968	-0.878
The State	4,919,492	5,303,925	5,706,494	7.590

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	Faribault County	Waseca County	The State	The County	Faribault County	Waseca County	The State
2020	40,813	7,154	9,184	3,122,015	5.4%	6.2 %	6.3%	6.3%
2021	39,746	6,988	8,870	3,049,037	3.3	4.0	4.2	3.7
2022	40,269	7,057	8,615	3,077,500	2.1	3.0	3.3	2.7
2023	40,911	7,098	8,576	3,099,922	2.3	3.1	3.9	2.8
2024(1)	41,043	6,948	8,312	3,095,510	3.1	4.2	5.7	3.6

(1) As of February 2024.

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 April 4, 2024.

Company Name	Product or Service	Location	Approximate employees at location
The District	Public Education	Mapleton	168
Mapleton Community Home	Nursing Home	Mapleton	104
Heritage Place of Mapleton	Residential Care Homes	Mapleton	21
Beacon At Mapleton	Residential Care Homes	Mapleton	20
Massop Electric, Inc	Contractor & Handling Equipment	Mapleton	20
Lawnpro Lawn Services	Grounds Maintenance	Mapleton	20
Northwest Natural Gas LLC	Natural Gas Transmission	Mapleton	20
Protein Sources Milling	Feed-Manufacturers	Mapleton	20
Maggie J's	Restaurant	Mapleton	15
Token BBQ	Restaurant	Mapleton	15

Source: The District, Data Axle Reference Solutions and Industry Select Minnesota Manufacturers News.

Income and Housing

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

	The District	The County	Faribault County	Waseca County	The State	United States
Median Home Value	$183,900	$239,200	$116,000	$191,800	$286,800	$281,900
Median Household Income	$80,789	$70,906	$64,000	$71,856	$84,313	$75,149
Median Family Income	$95,395	$91,033	$85,360	$89,573	$107,072	$92,646
Per Capita Income	$37,268	$35,182	$35,307	$35,814	$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	2023/2024 Taxable Market Value	2023/2024 Net Tax Capacity	Percent of Real Property to Net Tax Capacity ($19,964,003)[1]
Juergens Family Farm LLC	Agricultural	$ 15,271,500	$ 152,715	0.76%
Taylor Family Farms Foundation Inc	Agricultural	12,538,200	125,382	0.63%
Nienow Family LTD Partnership	Agricultural	12,162,800	121,628	0.61%
Fox Family Limited Partnership	Agricultural	11,044,700	110,447	0.55%
Individual	Agricultural	9,984,700	99,847	0.50%
ITC Midwest	Power Lines	4,791,400	95,828	0.48%
Trio Family LLLP	Agricultural	8,026,100	80,261	0.40%
Individual Trust	Agricultural	8,604,100	79,951	0.40%
Northern States Power Company	Power Lines	3,831,000	76,620	0.38%
Individual	Agricultural	7,550,100	76,592	0.38%
Total			$ 1,019,271	5.11%

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

[The remainder of this page intentionally left blank.]

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

---

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

municipality is required to authorize the extension, assessment and collection of the tax, but the 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.

[The remainder of this page intentionally left blank]

FINANCIAL INFORMATION

Valuations

The table below reflects the Assessors Estimated Market Value ("AEMV") for real and personal property for 2023/2024.

	The County	Faribault County	Waseca County	Total	Percentage
Real Property	$ 1,904,081,200	$ 344,666,600	$ 31,693,600	$ 2,280,441,400	99.36%
Personal Property	14,236,700	411,400	-	14,648,100	0.64%
Total Valuation	$ 1,918,317,900	$ 345,078,000	$ 31,693,600	$ 2,295,089,500	100.00%

Source: The Counties.

Breakdown of Valuations

The table below reflects the Adjusted Taxable Net Tax Capacity for real and personal property for 2023/2024.

Real Property	The County	Faribault County	Waseca County	Total	Percent of Net Tax Capacity
Residential Homestead	$ 2,807,283	$ 439,048	$ 13,186	$ 3,259,517	16.33%
Agricultural	12,490,358	2,378,137	246,132	15,114,627	75.71
Commercial & Industrial	477,340	34,879	-	512,219	2.57
Public Utility	26,847	-	-	26,847	0.13
Railroad	-	18,482	-	18,482	0.09
Non-Homestead Residential	640,836	85,535	958	727,329	3.64
Commercial & Residential Seasonal / Recreational	11,709	1,773	-	13,482	0.07
Personal Property	284,022	7,478	-	291,500	1.46
Subtotal	$ 16,738,395	$ 2,965,332	$ 260,276	$ 19,964,003	100.00%
Less:					
Captured Tax Increment Tax Capacity	-	-	-	-	
Job Zone	-	-	-	-	
Power lines	14,513	-	-	14,513	
Fiscal Disparity Contribution Value	-	-	-	-	
Plus: Fiscal Disparity Distribution Value	-	-	-	-	
Total Taxable Net Tax Capacity	$ 16,723,882	$ 2,965,332	$ 260,276	$ 19,949,490	

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]
2019/2020	$ 1,556,287,700	$ 1,601,449,100	96.57%	$ 1,658,754,537
2020/2021	1,493,251,100	1,538,348,500	92.17%	1,669,182,850
2021/2022	1,510,674,100	1,555,195,000	90.29%	1,722,690,198
2022/2023	1,799,832,000	1,840,218,000	86.53%	2,127,924,805
2023/2024	2,257,509,700	2,295,089,500	N/A[3]	N/A[3]

(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.
(3) The Sales Ratio and Economic Market Value by school district (2023/2024) is not available at this time.
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]
2019/2020	$ 13,225,299	$ 13,225,299	$ 13,225,299
2020/2021	12,701,892	12,701,892	12,701,892
2021/2022	12,900,153	12,900,153	12,900,153
2022/2023	15,832,483	15,832,483	15,832,483
2023/2024	19,964,003	19,949,290	19,949,290

(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	2019/2020 Tax Capacity Rates	2020/2021 Tax Capacity Rates	2021/2022 Tax Capacity Rates	2022/2023 Tax Capacity Rates	2023/2024 Tax Capacity Rates
The County	42.096%	42.490%	42.321%	38.274%	34.516%
City of Amboy	137.460	133.962	141.191	122.553	94.370
City of Good Thunder	137.611	115.892	138.960	107.409	92.670
The City	92.213	89.308	90.641	76.400	72.284
Town of Beauford	9.916	10.696	10.425	8.552	5.973
Town of Ceresco	5.788	6.222	5.997	5.145	4.863
Town of Danville	7.960	10.223	9.861	7.884	6.317
Town of Decoria	16.343	17.235	18.377	15.449	13.703
Town of Lyra	11.577	14.534	14.316	11.950	9.418
Town of Mapleton	8.872	9.522	10.100	8.407	6.007
Town of Medo	15.933	16.245	16.043	14.646	12.071
Town of Pleasant Mound	9.526	10.163	9.980	7.499	6.145
Town of Rapidan	13.771	13.934	13.111	11.060	9.794
Town of Shelby	10.928	11.740	11.619	9.546	7.758
Town of Sterling	11.047	13.166	12.640	10.370	8.380
Town of Vernon Center	8.236	8.823	7.863	6.659	5.433
Waseca County	64.706	66.101	65.467	58.487	45.454
Town of Vivian	4.452	7.113	7.552	7.399	6.451
Library - LeSueur/Waseca	1.776	1.742	1.730	1.535	1.353
Faribault County	37.432	37.595	38.687	35.862	31.663
City of Minnesota Lake	115.129	109.811	115.871	93.496	78.225
Town of Dunbar	8.142	8.181	8.212	7.789	5.888
Town of Lura	9.315	9.333	9.239	8.111	6.368
Town of Minnesota Lake	13.530	14.675	14.675	12.445	10.059
The District	4.382	32.969	32.320	26.778	21.311
Region 9	0.517	0.529	0.533	0.473	0.379
The District-Referendum Value	0.182	0.209	0.196	0.179	0.146

Source: The Counties.

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

Taxing Body	2019/2020 Tax Capacity Rates	2020/2021 Tax Capacity Rates	2021/2022 Tax Capacity Rates	2022/2023 Tax Capacity Rates	2023/2024 Tax Capacity Rates
The County	42.096%	42.490%	42.321%	38.274%	34.516%
The City	92.213	89.308	90.641	76.400	72.284
The District	4.382	32.969	32.320	26.778	21.311
Region 9	0.172	0.177	0.176	0.155	0.136
Total	138.863%	164.944%	165.458%	141.607%	128.247%
The District-Referendum Value	0.182	0.209	0.196	0.179	0.146

Source: The County.

Tax Levies and Collections

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

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024[1]
Original Gross Tax Levy	$ 1,232,902	$ 4,965,844	$ 4,924,073	$ 5,092,506	$ 5,039,926
Net Adjusted Tax Levy	$ 1,200,555	$ 3,531,132	$ 3,376,636	$ 3,350,362	$ 3,225,181
Amount Collected during Collection Year	$ 1,187,385	$ 3,499,973	$ 3,345,173	$ 3,308,871	N/A
Percent of Net Tax Levy Collected in Collection Year	98.90%	99.12%	99.07%	98.76%	N/A
Amount Delinquent at End of Collection Year	$ 13,170	$ 31,159	$ 31,463	$ 41,491	N/A
Total Adjusted Delinquencies Outstanding	$ 673	$ 3,405	$ 7,798	$ 41,491	N/A
Adjusted Amount Collected	$ 1,199,882	$ 3,527,727	$ 3,368,838	$ 3,308,871	N/A
Percent of Net Tax Levy Collected to Date	99.94%	99.90%	99.77%	98.76%	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	$ 11,695,090	$ 11,387,340	$ 11,255,587	$ 12,571,605	$ 13,205,932
Disbursements	11,606,786	11,341,608	10,730,124	11,388,414	12,155,114
Net Surplus (Deficit)	88,304	45,732	525,463	1,183,191	1,050,818
Transfers	3,442	-	-	(2,068)	(3,548)
Other Sources (Uses)	2,424	-	-	7,000	5,194
Restatement Adjustment	52,696	-	-	-	-
Beginning Fund Balance	4,845,394	4,992,260	5,037,992	5,563,455	6,751,578
Ending Fund Balance	$ 4,992,260	$ 5,037,992	$ 5,563,455	$ 6,751,578	$ 7,804,042

Source: Compiled from the District's Annual Financial Report 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 February 29, 2024.

Fund Name	
General Fund	$ 5,212,359.21
Food Service Fund	382,773.63
Community Service Fund	525,509.50
Debt Service Fund	343,833.44
Investments	3,451,477.99
Construction Fund	2,129,731.24
Total	$ 12,045,685.01

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.

Fund Balance as of June 30, 2023	$ 7,804,042
Revenues	13,848,810
Expenditures	12,549,944
Net Surplus (Deficit)	1,298,866
Fund Balance as of June 30, 2024	$ 9,102,908

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
General Obligation School Building Bonds, Series 2020A....................................	05/14/20	$ 56,115,000	$ 53,005,000	02/01/50
Taxble General Obligation Facilities Maintenance Bonds, Series 2023A...............	11/01/23	242,000	242,000	02/01/27
The Bonds..	06/04/24	4,000,000 *	4,000,000 *	02/01/44
Total			$ 57,247,000 *	

*Preliminary, subject to change.

[The remainder of this page intentionally left blank.]

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:	General Obligation School Building Bonds, Series 2020A		Taxble General Obligation Facilities Maintenance Bonds, Series 2023A		The Bonds						
Dated:	5/14/2020		11/1/2023		6/4/2024						
Par Amount:	$56,115,000		$242,000		$4,000,000*						
Maturity:	Feb-01		Feb-01		Feb-01						
Fiscal Year	Principal	Interest	Principal	Interest	Principal *	Interest*	Total Principal*	Cumulative Amount*	Retirement Percentage*	Total Interest*	Total Debt Service*
2024	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 57,247,000	0.00%	$ -	$ -
2025	1,145,000	2,165,300	-	18,059	-	114,451	1,145,000	56,102,000	2.00%	2,357,209	3,502,209
2026	1,200,000	2,108,050	117,000	14,447	60,000	173,850	1,377,000	54,725,000	4.41%	2,293,347	3,670,347
2027	1,260,000	2,048,050	125,000	7,463	65,000	170,850	1,450,000	53,275,000	6.94%	2,223,113	3,673,113
2028	1,325,000	1,985,050	-	-	155,000	167,600	1,480,000	51,795,000	9.52%	2,144,900	3,624,900
2029	1,390,000	1,918,800	-	-	160,000	159,850	1,550,000	50,245,000	12.23%	2,070,650	3,620,650
2030	1,460,000	1,849,300	-	-	170,000	151,850	1,630,000	48,615,000	15.08%	1,992,650	3,622,650
2031	1,530,000	1,776,300	-	-	180,000	143,350	1,710,000	46,905,000	18.07%	1,910,650	3,620,650
2032	1,595,000	1,715,100	-	-	190,000	134,350	1,785,000	45,120,000	21.18%	1,839,950	3,624,950
2033	1,655,000	1,651,300	-	-	200,000	124,850	1,855,000	43,265,000	24.42%	1,766,150	3,621,150
2034	1,725,000	1,585,100	-	-	205,000	114,850	1,930,000	41,335,000	27.80%	1,689,700	3,619,700
2035	1,790,000	1,516,100	-	-	220,000	104,600	2,010,000	39,325,000	31.31%	1,611,900	3,621,900
2036	1,865,000	1,444,500	-	-	225,000	95,800	2,090,000	37,235,000	34.96%	1,531,300	3,621,300
2037	1,940,000	1,369,900	-	-	235,000	86,800	2,175,000	35,060,000	38.76%	1,447,300	3,622,300
2038	2,015,000	1,292,300	-	-	245,000	77,400	2,260,000	32,800,000	42.70%	1,359,900	3,619,900
2039	2,095,000	1,211,700	-	-	255,000	67,600	2,350,000	30,450,000	46.81%	1,269,100	3,619,100
2040	2,180,000	1,127,900	-	-	265,000	57,400	2,445,000	28,005,000	51.08%	1,174,700	3,619,700
2041	2,235,000	1,073,400	-	-	275,000	46,800	2,510,000	25,495,000	55.46%	1,109,200	3,619,200
2042	2,325,000	984,000	-	-	285,000	35,800	2,610,000	22,885,000	60.02%	1,008,400	3,618,400
2043	2,415,000	891,000	-	-	300,000	24,400	2,715,000	20,170,000	64.77%	903,400	3,618,400
2044	2,515,000	794,400	-	-	310,000	12,400	2,825,000	17,345,000	69.70%	794,400	3,619,400
2045	2,615,000	693,800	-	-	-	-	2,615,000	14,730,000	74.27%	693,800	3,308,800
2046	2,720,000	589,200	-	-	-	-	2,720,000	12,010,000	79.02%	589,200	3,309,200
2047	2,830,000	480,400	-	-	-	-	2,830,000	9,180,000	83.96%	480,400	3,310,400
2048	2,940,000	367,200	-	-	-	-	2,940,000	6,240,000	89.10%	367,200	3,307,200
2049	3,060,000	249,600	-	-	-	-	3,060,000	3,180,000	94.45%	249,600	3,309,600
2050	3,180,000	127,200	-	-	-	-	3,180,000	-	100.00%	2,192,051	5,372,051
	$ 53,005,000	$ 33,014,950	$ 242,000	$ 39,969	$ 4,000,000	$ 2,064,851	$ 57,247,000			$ 37,070,170	$ 94,317,170

*Preliminary, subject to change.

Financed Purchases and Lease Obligations

The District has not entered into any financed purchases or lease obligations as of the closing of the bonds.

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

Overlapping Debt

The table below reflects the overlapping debt of the District as of December 31, 2023.

Issuer	2023/2024 Taxable Net Tax Capacity (1)	2023/2024 Taxable Net Tax Capacity in District	Percentage Applicable to District	Outstanding General Obligation Debt	Taxpayers' Share of Debt
The County	$ 130,744,490	$ 16,723,882	12.79%	$ 11,435,000	$ 1,462,537
The City	1,383,118	1,383,118	100.00%	8,997,000	8,997,000
Town of Rapidan	2,807,856	168,381	6.00%	155,000	9,300
Waseca County	39,231,440	260,276	0.66%	4,495,000	29,667
Faribault County	48,073,061	2,965,332	6.17%	26,620,000	1,642,454
Total					$ 12,140,958

(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 Counties.

Debt Statement

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

General Obligation Direct Debt Outstanding	$53,247,000
Plus: The Bonds	$4,000,000 *
Net Direct Debt	$57,247,000 *
Overlapping Bonded Debt	$12,140,958
Net Direct Debt and Overlapping Bonded Debt	$69,387,958 *
Adjusted Market Value (2022/2023) (1)	$2,060,945,235
Statutory Debt Limit (15% of Adjusted Market Value) (2)	$309,141,785
Direct Debt Applicable to Debt Margin	$57,247,000 *
Statutory Debt Margin	$251,894,785 *

*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 89.29%, 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)	$2,127,924,805
2020 Census Population	5,766
Net Direct Debt to Economic Market Value	2.69% *
Net Direct Debt and Overlapping Bonded Debt to Economic Market Value	3.26% *
Net Direct Debt Per Capita	$9,928 *
Net Direct and Overlapping Debt Per Capita	$12,034 *

*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 twelve (12) 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. 2135
(Maple River)
Blue Earth, Faribault & Waseca Counties, Minnesota

May __, 2024

Appendix A

Form of Legal Opinion of Bond Counsel

FORM OF LEGAL OPINION

Independent School District No. 2135
Maple River, Minnesota

[Purchaser]
[City, State]

Re: $[PAR] General Obligation School Building Bonds, Series 2024A
Independent School District No. 2135 (Maple River)
Blue Earth, Faribault, and Waseca Counties, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Independent School District No. 2135 (Maple River), Blue Earth, Faribault, and Waseca Counties, Minnesota (the District), of the obligations described above, dated, as originally issued, as of June [__], 2024 (the Bonds), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the District in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

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

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

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

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

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

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

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

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

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

In providing this opinion, we have relied upon representations of the District and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities and equipment financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

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

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

Dated this [__] day of June 2024.

Very truly yours,

Annual Financial Report for Fiscal Year Ended June 30, 2023

The Annual Financial Report of the District contained in this Appendix B (the "Audit"), including the independent auditor's report accompanying the Audit, has been prepared by Abdo, Mankato, 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.

Annual Financial Report

Independent School District No. 2135

Mapleton, Minnesota

For the year ended June 30, 2023

Abdo
Lighting the path forward

Edina Office
5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office
100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

Scottsdale Office
14500 N Northsight Blvd, Ste 233
Scottsdale, AZ 85260
P 480.864.5579

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Independent School District No. 2135
Mapleton, Minnesota
Table of Contents
For the Year Ended June 30, 2023

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Table of Contents (Continued)
For the Year Ended June 30, 2023

THIS PAGE IS LEFT

BLANK INTENTIONALLY

INTRODUCTORY SECTION

INDEPENDENT SCHOOL DISTRICT NO. 2135
MAPLETON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Independent School District No. 2135
Mapleton, Minnesota
School District Officials
For the Year Ended June 30, 2023

BOARD OF EDUCATION

Name	Term on Board Expires	Position
Joe Sohre	2024	Chairperson
Jeff Kunkel	2024	Vice Chairperson
Dan Sohre	2026	Treasurer
Noah Germo	2026	Director
Tyler Hunstad	2026	Director
Andrea Sonnek	2026	Director
Karson Duncanson	2024	Director

ADMINISTRATION

Daniel Anderson	Superintendent
Sherry Haugen	Business Manager

THIS PAGE IS LEFT

BLANK INTENTIONALLY

FINANCIAL SECTION

INDEPENDENT SCHOOL DISTRICT NO. 2135
MAPLETON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

THIS PAGE IS LEFT

BLANK INTENTIONALLY

INDEPENDENT AUDITOR'S REPORT

Members of the School Board
Independent School District No. 2135
Mapleton, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 2135, Mapleton, Minnesota (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the Schedules of Funding Progress and the Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios starting on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules and tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and 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 in the report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Abdo

Abdo
Mankato, Minnesota
October 4, 2023

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Management’s Discussion and Analysis

As management of the Independent School District No. 2135 (the District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages.

- The District’s total net position increased as shown in the summary of changes in net position on the following pages. This was primarily a result of increased return on investments and state aid-formula grants, which were offset by a loss on the disposal of the old school building.

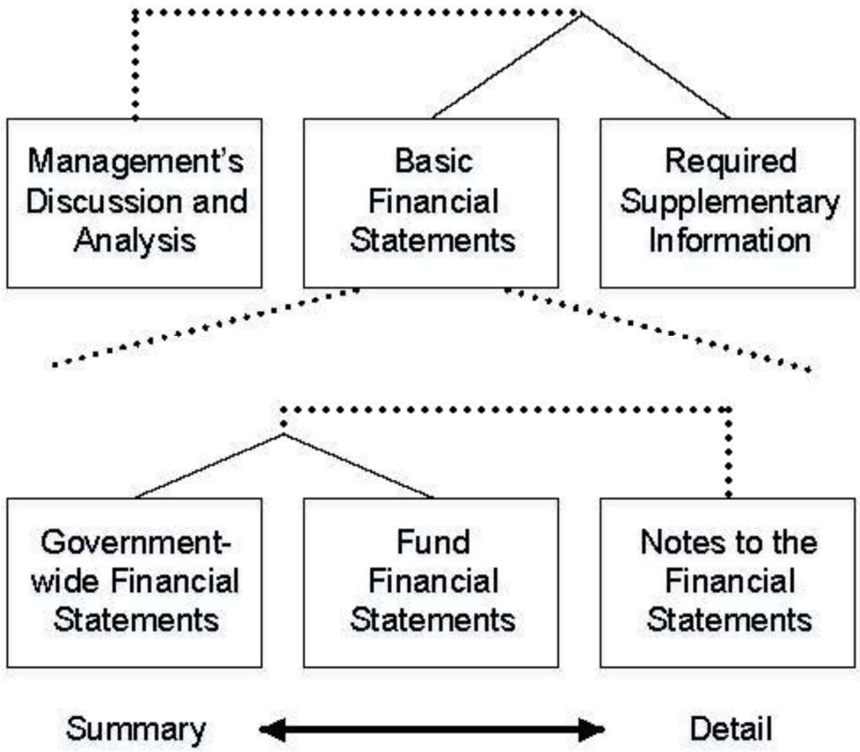
- As of the close of the current fiscal year, the District’s governmental fund balances are shown in the Financial Analysis of the District’s funds section of the MD&A. The total fund balance decreased in comparison with the prior year. This decreased was primarily related to remaining capital outlay costs for the new school building.

- At the end of the current fiscal year, unassigned fund balance for the General fund, as shown in the financial analysis of the District’s funds section, increased from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:

Organization of Independent School District No. 2135
Annual Financial Report



The following chart summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements:

Major Features of the District-wide and Fund Financial Statements

		Fund Financial Statements	
	District-wide Statements	**Governmental Funds**	**Fiduciary Funds**
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as police, fire and parks	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

District-wide Financial Statements. The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial indicators such as changes in the District's property tax base and condition of school buildings and other facilities.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the district-wide financial statements, the District activities are shown in one category titled "governmental activities":

- *Governmental Activities*: The District's basic services are reported here, including regular and special education, transportation, administration, food services, and community education. Property taxes and State aids finance most of these activities.

The District-wide financial statements can be found starting on page 30 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one category: governmental funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the District-wide financial statements. However, unlike the District-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the District-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the District-wide financial statements. By doing so, readers may better understand the long-term impact by the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Building Construction fund and Debt Service fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its General, Building Construction, Debt Service, Food Service, Community Service, and Permanent funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 34 of this report.

Fiduciary Funds. The district is the trustee, or fiduciary, for assets that belong to others. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities (consisting only of agency funds held for others) are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found starting on page 41 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 72 of this report.

Other Information. Combining and individual fund financial statements and schedules and table can be found starting on page 80 of this report.

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources as shown in the summary of net position below at the close of the most recent fiscal year.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the District's net position reflects amounts restricted for food service and educational purposes. These funds are to be used for the District's funded programs and activities.

Independent School District No. 2135's Net Position

	2023	2022	Increase (Decrease)
Assets			
Current and other assets	$ 19,644,071	$ 29,757,298	$ (10,113,227)
Capital assets	61,168,208	53,230,848	7,937,360
Total Assets	80,812,279	82,988,146	(2,175,867)
Deferred Outflows of Resources	2,418,887	2,741,869	(322,982)
Liabilities			
Long-term liabilities outstanding	62,111,712	63,427,531	(1,315,819)
Net pension liability	8,119,466	4,513,595	3,605,871
Other postemployment benefits	416,108	433,283	(17,175)
Other liabilities	3,931,189	3,600,328	330,861
Total Liabilities	74,578,475	71,974,737	2,603,738
Deferred Inflows of Resources	6,521,917	12,202,361	(5,680,444)
Net Position			
Net investment in capital assets	1,936,395	4,680,429	(2,744,034)
Restricted	1,528,691	1,356,264	172,427
Unrestricted	(1,334,312)	(4,483,776)	3,149,464
Total Net Position	$ 2,130,774	$ 1,552,917	$ 577,857
Net Position as a Percent of Total			
Net investment in capital assets	90.88 %	301.40 %	
Restricted	71.74	87.34	
Unrestricted	(62.62)	(288.73)	
	100.00 %	100.00 %	

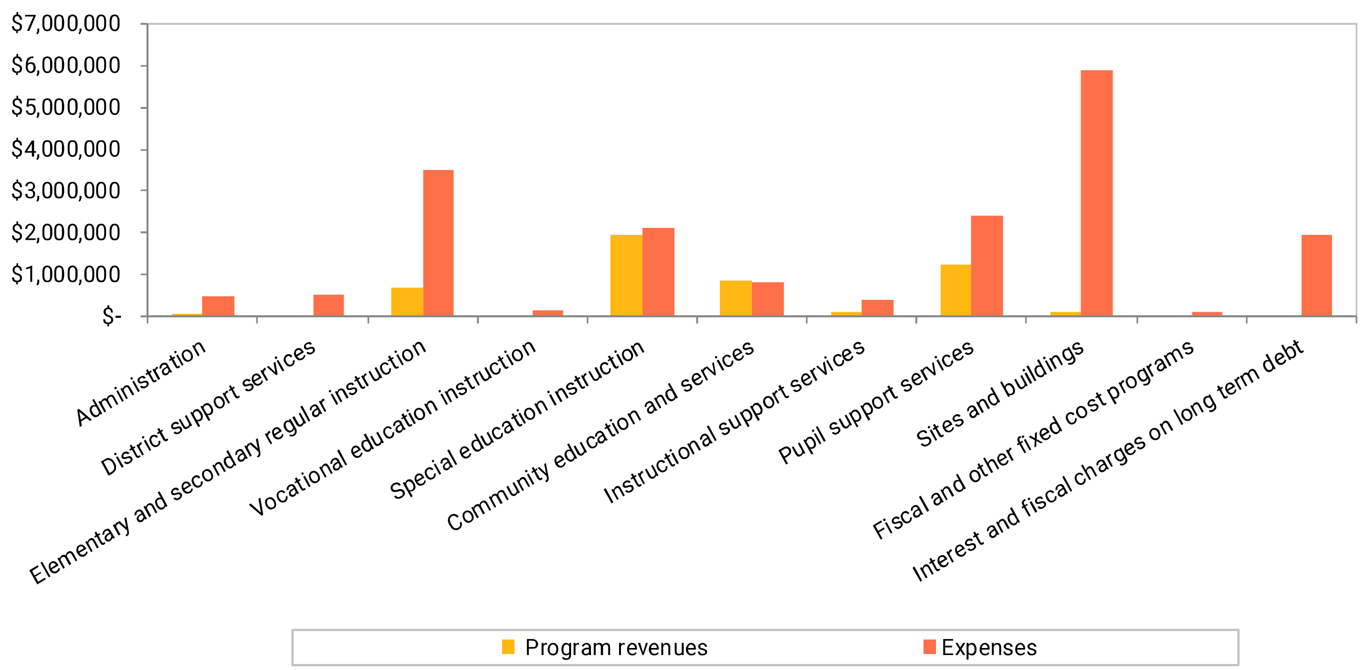
The balance of unrestricted net position is a deficit due to recognition of long-term pension liabilities in accordance with GASB Statement No. 68 and recognition of other postemployment benefits in accordance with GASB Statement No. 75.

Governmental Activities. Governmental activities increased the District's net position as shown below in the summary of changes in net position. Key elements of this increase are as follows:

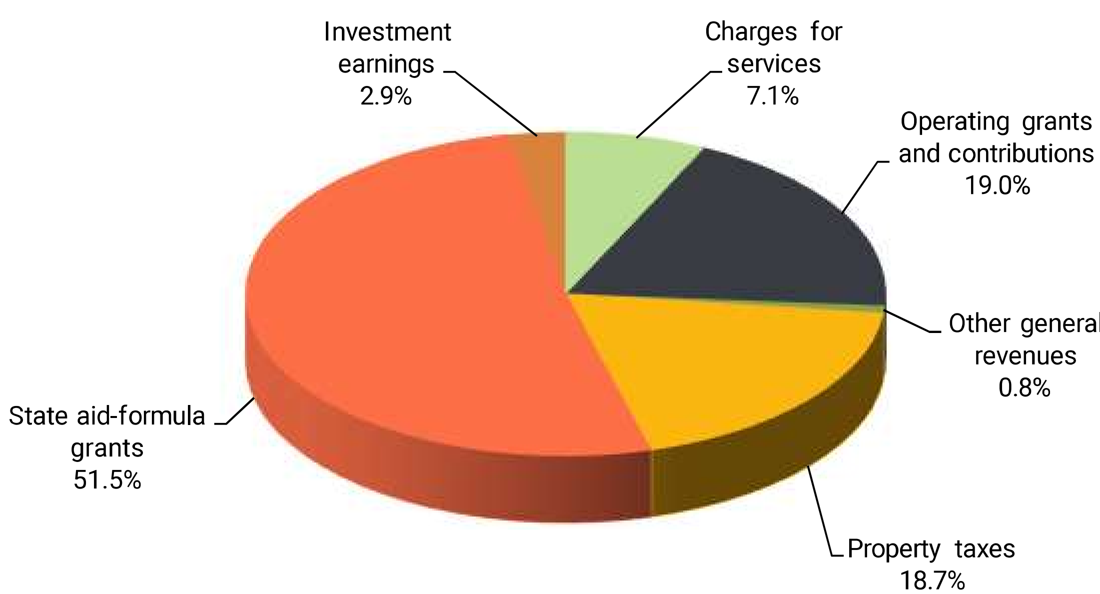
Independent School District No. 2135's Changes in Net Position

	2023	2022	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 1,336,769	$ 970,909	$ 365,860
Operating grants and contributions	3,595,038	4,026,438	(431,400)
Capital grants and contributions	41,080	15,764	25,316
General revenues			
Property taxes	3,522,727	3,625,452	(102,725)
State aid-formula grants	9,681,020	9,069,275	611,745
Other general revenues	158,845	63,985	94,860
Gain on sale of capital assets	5,194	7,000	(1,806)
Investment earnings	542,465	73,942	468,523
Total Revenues	18,883,138	17,852,765	1,030,373
Expenses			
Administration	489,102	431,755	57,347
District support services	537,587	399,134	138,453
Elementary and secondary regular instruction	3,493,209	2,669,393	823,816
Vocational education instruction	159,041	150,436	8,605
Special education instruction	2,101,697	1,439,852	661,845
Community education and services	826,408	619,504	206,904
Instructional support services	373,065	483,363	(110,298)
Pupil support services	2,389,376	2,413,317	(23,941)
Sites and buildings	5,872,473	1,167,457	4,705,016
Fiscal and other fixed cost programs	106,032	74,174	31,858
Interest and fiscal charges on long-term debt	1,957,291	2,007,570	(50,279)
Total Expenses	18,305,281	11,855,955	6,449,326
Change in Net Position	577,857	5,996,810	(5,418,953)
Net Position, July 1	1,552,917	(4,443,893)	5,996,810
Net Position, June 30	$ 2,130,774	$ 1,552,917	$ 577,857

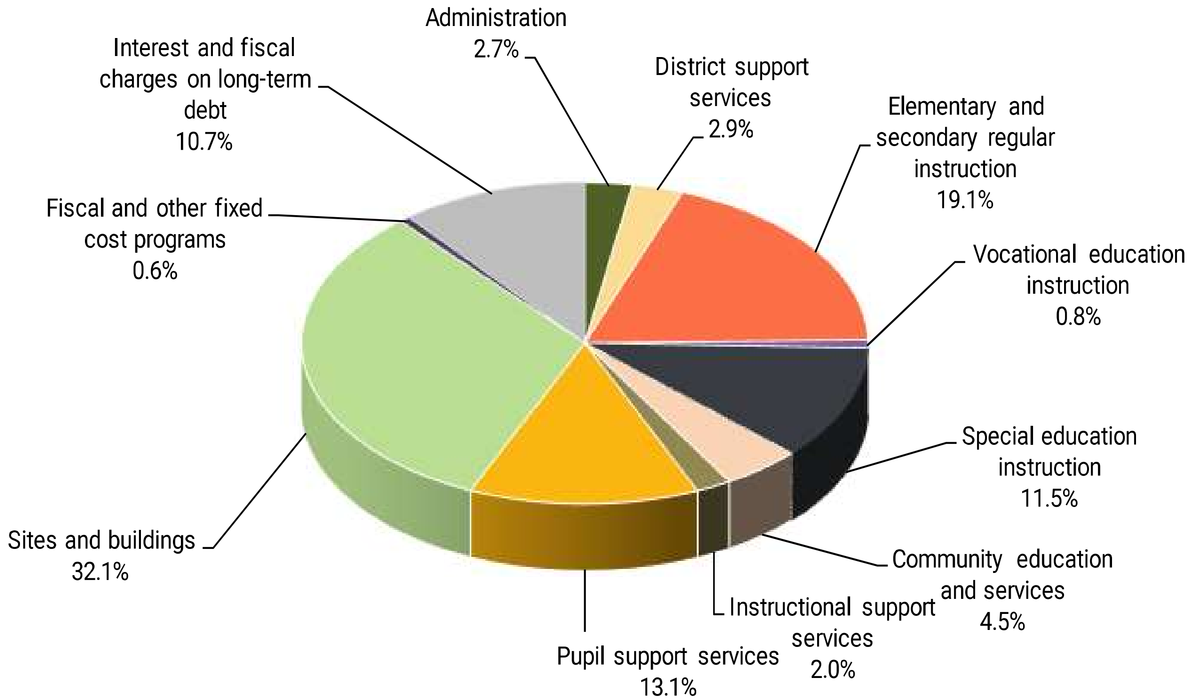
Expenses by Program - Governmental Activities



Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



Financial Analysis of the District's Funds

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

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ended June 30, 2023.

	General	Building Construction	Debt Service	Other Governmental Funds	Total	Prior Year Total	Increase/ Decrease
Fund Balances							
Nonspendable	$ 150,408	$ -	$ -	$ 37,830	$ 188,238	$ 176,905	$ 11,333
Restricted	782,029	2,830,330	370,708	708,405	4,691,472	16,342,447	(11,650,975)
Unassigned	6,871,605	-	-	-	6,871,605	5,832,848	1,038,757
Total Fund Balances	$ 7,804,042	$ 2,830,330	$ 370,708	$ 746,235	$ 11,751,315	$ 22,352,200	$ (10,600,885)

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 3 starting on page 55 of this report.

The General fund is the chief operating fund of the District. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase / (Decrese)
General Fund Fund Balances			
Nonspendable	$ 150,408	$ 134,746	$ 15,662
Restricted	782,029	797,563	(15,534)
Unassigned	6,871,605	5,819,269	1,052,336
	$ 7,804,042	$ 6,751,578	$ 1,052,464
General fund expenditures	$ 12,155,114	$ 11,388,414	
Unassigned as a percent of expenditures	57%	51%	
Total fund balance as a percent of expenditures	64%	59%	

The fund balance of the District's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to increase in revenue from state sources.

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
Revenues	$ 12,117,925	$ 688,707	$ 12,806,632	$ 13,205,932	$ 399,300
Expenditures	11,814,192	436,863	12,251,055	12,155,114	(95,941)
Excess of Revenues Over Expenditures	303,733	251,844	555,577	1,050,818	495,241
Other Financing Sources (Uses)	-	-	-	1,646	1,646
Net Change in Fund Balances	303,733	251,844	555,577	1,052,464	496,887
Fund Balances, July 1	6,751,578	-	6,751,578	6,751,578	-
Fund Balances, June 30	$ 7,055,311	$ 251,844	$ 7,307,155	$ 7,804,042	$ 496,887

The District's General fund budget was amended during the year as shown above. Actual revenues were over the final budget and expenditures were under the final budget amounts as shown above.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2023, is shown below in the capital asset table (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and leasehold improvements. The total depreciation expense for the year was $866,562. The following is a schedule of capital assets as of June 30, 2023.

Independent School District No. 2135's Capital Assets
(Net of Depreciation)

	Governmental Activities		
	2023	2022	Increase (Decrease)
Land	$ 28,000	$ 28,000	$ -
Land Improvements	45,055	55,466	(10,411)
Buildings	60,249,985	4,163,991	56,085,994
Equipment	845,168	796,440	48,728
Construction in progress	-	48,186,951	(48,186,951)
Total	$ 61,168,208	$ 53,230,848	$ 7,937,360
Percent increase (decrease)			14.9%

Additional information on the District's capital assets can be found in Note 3C on page 52 of this report.

Long-term Debt. At the end of the current fiscal year, the District had the following noncurrent liabilities outstanding.

Independent School District No. 2135's Outstanding Debt

	Governmental Activities		
	2023	2022	Increase (Decrease)
General Obligation Bonds Payable	$ 54,095,000	$ 55,130,000	$ (1,035,000)
Percent increase (decrease)			-1.9%

Additional information on the District's long-term debt can be found in Note 3E starting on page 53 of this report.

Factors Bearing on the District's Future

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

- Enrollment always continues to be of high importance as it is a direct impact on the District's revenue. Since Minnesota school districts are paid on pupil units served, any decline in enrollment results in less revenue. The District's student enrollment, which determines the pupil units for the purpose of funding, has increased the last two years after being on a 21 year decline. In fiscal year 2022, Maple River saw its first increase in enrollment of 30 ADM's and another increase of 44 ADM's in fiscal year 2023. Maple River is hopeful that enrollment will continue to grow or at least maintain it's enrollment now with the new building that opened in FY23.

- The District has a $54,0955,000 Building Bond Debt as of 6/30/23. It is scheduled to be paid off at the end of 2050 with a true interest cost of 3.19%.

- Labor costs account for over 80% of the District expenses. As cost of wages and benefits continue to skyrocket, it becomes more important during the negotiations of labor contracts that the District be cognizant to this potential unknown long-term liability. The District must continue to follow enrollment trends and maintain a responsible balance between staffing and student enrollment.

- The District continues to provide educational opportunities to students. The District has maintained reserve balances which will help bridge any financial gaps in revenue projections and any additional cost associated with getting the new facility outfitted that were missed during the construction.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be in written form and addressed to the District Office, Independent School District No. 2135, 101 Sixth Ave NE, Mapleton, Minnesota 56065.

THIS PAGE IS LEFT

BLANK INTENTIONALLY

DISTRICT-WIDE FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 2135
MAPLETON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Independent School District No. 2135
Mapleton, Minnesota
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and temporary investments	$ 14,869,528
Receivables	
Taxes	3,287,242
Accounts and interest	62,060
Due from other school districts	20,115
Intergovernmental	1,241,888
Inventories	12,830
Prepaid items	150,408
Capital assets not being depreciated	28,000
Capital assets being depreciated net of accumulated depreciation	61,140,208
Total Assets	80,812,279
Deferred Outflows of Resources	
Deferred pension resources	2,338,618
Deferred other postemployment benefit resources	80,269
Total Deferred Outflows of Resources	2,418,887
Liabilities	
Accounts and other payables	2,091,650
Salaries and wages payable	429,817
Accrued interest payable	913,675
Due to other school districts	850
Due to other governments	2,923
Accrued expenses	417,671
Unearned revenue	74,603
Noncurrent liabilities	
Due within one year	
Long-term liabilities	1,090,000
Due in more than one year	
Long-term liabilities	61,021,712
Net pension liability	8,119,466
Other postemployment benefits	416,108
Total Liabilities	74,578,475
Deferred Inflows of Resources	
Deferred pension resources	1,577,076
Deferred other postemployment benefit resources	94,741
Property taxes levied for subsequent year	4,850,100
Total Deferred Inflows of Resources	6,521,917
Net Position	
Net investment in capital assets	1,936,395
Restricted	
Educational purposes	1,233,274
Food service	295,417
Unrestricted	(1,334,312)
Total Net Position	$ 2,130,774

The notes to the financial statemetns are an intergal part of this statement.

Independent School District No. 2135
Mapleton, Minnesota
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Administration	$ 489,102	$ -	$ 15,000	$ -	$ (474,102)
District support services	537,587	-	-	-	(537,587)
Elementary and secondary regular instruction	3,493,209	249,198	453,155	-	(2,790,856)
Vocational education instruction	159,041	-	-	-	(159,041)
Special education instruction	2,101,697	11,079	1,920,274	-	(170,344)
Community education and services	826,408	692,820	156,431	-	22,843
Instructional support services	373,065	5,619	86,837	-	(280,609)
Pupil support services	2,389,376	378,053	848,285	-	(1,163,038)
Sites and buildings	5,872,473	-	115,056	41,080	(5,716,337)
Fiscal and other fixed cost programs	106,032	-	-	-	(106,032)
Interest and fiscal charges on long term debt	1,957,291	-	-	-	(1,957,291)
Total Governmental Activities	$ 18,305,281	$ 1,336,769	$ 3,595,038	$ 41,080	(13,332,394)
General Revenues					
Taxes					
Property taxes, levied for general purposes					1,530,563
Property taxes, levied for community service					81,634
Property taxes, levied for debt service					1,910,530
State aid-formula grants					9,681,020
Other general revenues					158,845
Gain on sale of capital assets					5,194
Investment earnings					542,465
Total General Revenues					13,910,251
Change in Net Position					577,857
Net Position, July 1					1,552,917
Net Position, June 30					$ 2,130,774

The notes to the financial statemetns are an intergal part of this statement.

THIS PAGE IS LEFT

BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 2135
MAPLETON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Independent School District No. 2135
Mapleton, Minnesota
Balance Sheet
Governmental Funds
June 30, 2023

	General	Building Construction	Debt Service	Other Governmental Funds	Total
Assets					
Cash and temporary investments	$ 8,028,589	$ 4,837,309	$ 1,180,593	$ 823,037	$ 14,869,528
Receivables					
Taxes	721,025	-	2,527,061	39,156	3,287,242
Accounts and interest	49,033	-	-	13,027	62,060
Intergovernmental	1,090,326	-	155,956	15,721	1,262,003
Inventories	-	-	-	12,830	12,830
Prepaid items	150,408	-	-	-	150,408
Total Assets	$ 10,039,381	$ 4,837,309	$ 3,863,610	$ 903,771	$ 19,644,071
Liabilities					
Accounts and other payables	$ 64,893	$ 2,006,979	$ -	$ 19,778	$ 2,091,650
Salaries and wages payable	403,797	-	-	26,020	429,817
Due to other school districts	850	-	-	-	850
Due to other governments	2,923	-	-	-	2,923
Accrued expenses	417,671	-	-	-	417,671
Unearned revenue	47,632	-	-	26,971	74,603
Total Liabilities	937,766	2,006,979	-	72,769	3,017,514
Deferred Inflows of Resources					
Unavailable revenue					
Delinquent property taxes	7,106	-	17,609	427	25,142
Property taxes levied for subsequent year	1,290,467	-	3,475,293	84,340	4,850,100
Total Deferred Inflows of Resources	1,297,573	-	3,492,902	84,767	4,875,242
Fund Balances					
Nonspendable	150,408	-	-	37,830	188,238
Restricted	782,029	2,830,330	370,708	708,405	4,691,472
Unassigned	6,871,605	-	-	-	6,871,605
Total Fund Balances	7,804,042	2,830,330	370,708	746,235	11,751,315
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,039,381	$ 4,837,309	$ 3,863,610	$ 903,771	$ 19,644,071

The notes to the financial statemetns are an intergal part of this statement.

Independent School District No. 2135
Mapleton, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2023

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

Total Fund Balances - Governmental Funds	$ 11,751,315
Net capital assets, net of accumulated deprecation, used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	61,168,208
Long-term liabilities, including bonds payable and pensions, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Other postemployment benefits payable	(416,108)
Bonds payable	(54,095,000)
Unamortized bond premium	(7,967,143)
Net pension liability	(8,119,466)
Compensated absences	(49,569)
Government funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflow of resources - pensions	2,338,618
Deferred inflows of resources - pensions	(1,577,076)
Deferred outflow of resources - other postemployment benefits	80,269
Deferred inflows of resources - other postemployment benefits	(94,741)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	25,142
Governmental funds do not report a liability for accrued interest until due and payable.	(913,675)
Total Net Position - Governmental Activities	$ 2,130,774

The notes to the financial statemetns are an intergal part of this statement.

Independent School District No. 2135
Mapleton, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Building Construction	Debt Service	Other Governmental Funds	Total
Revenues					
Local property tax levies	$ 1,420,199	$ -	$ 1,906,420	$ 81,560	$ 3,408,179
Other local and county revenue	553,820	13,750	-	748,412	1,315,982
Interest earned on investments	195,366	250,050	51,510	45,539	542,465
Revenue from state sources	10,070,691	-	1,559,556	128,514	11,758,761
Revenue from federal sources	889,629	-	-	432,323	1,321,952
Sales and other conversion of assets	76,227	-	-	378,053	454,280
Total Revenues	13,205,932	263,800	3,517,486	1,814,401	18,801,619
Expenditures					
Current					
Administration	607,585	-	-	-	607,585
District support services	498,757	-	-	-	498,757
Elementary and secondary regular instruction	4,699,408	-	-	-	4,699,408
Vocational education and instruction	255,153	-	-	-	255,153
Special education instruction	2,216,134	-	-	-	2,216,134
Community education and services	-	-	-	866,349	866,349
Instructional support services	414,084	-	-	-	414,084
Pupil support services	1,647,225	-	-	793,848	2,441,073
Sites, buildings and equipment	1,273,076		-	-	1,273,076
Fiscal and other fixed cost programs	106,032	-	-	-	106,032
Capital outlay	437,660	12,275,273	-	8,444	12,721,377
Debt service					
Principal	-	-	1,035,000	-	1,035,000
Interest	-	-	2,273,670	-	2,273,670
Total Expenditures	12,155,114	12,275,273	3,308,670	1,668,641	29,407,698
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,050,818	(12,011,473)	208,816	145,760	(10,606,079)
Other Financing Sources (Uses)					
Sale of capital assets	5,194	-	-	-	5,194
Transfers in	-	-	-	3,548	3,548
Transfers out	(3,548)	-	-	-	(3,548)
Total Other Financing Sources (Uses)	1,646	-	-	3,548	5,194
Net Change in Fund Balances	1,052,464	(12,011,473)	208,816	149,308	(10,600,885)
Fund Balances, July 1	6,751,578	14,841,803	161,892	596,927	22,352,200
Fund Balances, June 30	$ 7,804,042	$ 2,830,330	$ 370,708	$ 746,235	$ 11,751,315

The notes to the financial statemetns are an intergal part of this statement.

Independent School District No. 2135
Mapleton, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to Statement of Activities
Governmental Funds
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because	
Total Net Change in Fund Balances - Governmental Funds	$ (10,600,885)
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	12,063,325
Depreciation expense	(866,562)
Book value of disposed assets	(3,259,403)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Principal repayments - bonds	1,035,000
Amortization of bond premium	295,079
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	21,300
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	5,700
Long-term pension activity is not reported in governmental funds.	
Pension expense	1,807,302
Direct aid contributions	70,625
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(14,260)
Other post employment benefits	20,636
Change in Net Position - Governmental Activities	$ 577,857

The notes to the financial statemetns are an intergal part of this statement.

Independent School District No. 2135
Mapleton, Minnesota
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenue				
Local property tax levies	$ 1,395,620	$ 1,421,501	$ 1,420,199	$ (1,302)
Other local and county revenue	314,749	375,771	553,820	178,049
Interest earned on investments	8,000	120,000	195,366	75,366
Revenue from state sources	9,582,281	10,038,895	10,070,691	31,796
Revenue from federal sources	795,275	821,965	889,629	67,664
Sales and other conversions of assets	22,000	28,500	76,227	47,727
Total Revenues	12,117,925	12,806,632	13,205,932	399,300
Expenditures				
Current				
Administration	681,337	652,245	607,585	44,660
District support services	541,264	570,098	498,757	71,341
Elementary and secondary regular instruction	4,832,121	4,793,783	4,699,408	94,375
Vocational education and instruction	239,928	240,795	255,153	(14,358)
Special education instruction	2,050,627	2,174,119	2,216,134	(42,015)
Instructional support services	420,468	434,691	414,084	20,607
Pupil support services	1,633,828	1,648,273	1,647,225	1,048
Sites and buildings	1,197,194	1,373,435	1,273,076	100,359
Fiscal and other fixed cost programs	75,239	99,815	106,032	(6,217)
Capital outlay				
District support services	27,000	6,424	-	6,424
Elementary and secondary regular instruction	13,809	148,000	156,982	(8,982)
Special education instruction	-	-	599	(599)
Instructional support services	34,500	35,500	33,363	2,137
Pupil support services	66,877	66,877	61,075	5,802
Site and buildings	-	7,000	185,641	(178,641)
Total Expenditures	11,814,192	12,251,055	12,155,114	95,941
Excess (Deficiency) of Revenues Over (Under) Expenditures	303,733	555,577	1,050,818	495,241
Other Financing Sources (Uses)				
Sale of capital assets	-	-	5,194	5,194
Transfers out	-	-	(3,548)	(3,548)
Total Other Financing Sources (Uses)	-	-	1,646	1,646
Net Change in Fund Balances	303,733	555,577	1,052,464	496,887
Fund Balances, July 1	6,751,578	6,751,578	6,751,578	-
Fund Balances, June 30	$ 7,055,311	$ 7,307,155	$ 7,804,042	$ 496,887

The notes to the financial statemetns are an intergal part of this statement.

Independent School District No. 2135
Mapleton, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial funds
Assets	
Cash and cash equivalents	$ -
Net Position	
Total Net Position	$ -

The notes to the financial statemetns are an intergal part of this statement.

Independent School District No. 2135
Mapleton, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2023

Additions	
Contributions	$ 358
Deductions	
Current	
Salaries and wages	1,500
Employee benefits	237
Supplies and materials	307
Scholarship awards	1,000
Total Deductions	3,044
Net Change in Net Position	(2,686)
Net Position, July 1	2,686
Net Position, June 30	$ -

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Independent School District No. 2135, (the District) was incorporated under the laws of the State of Minnesota, (the State). The District operates under a School Board form of government for the purpose of providing educational services to individuals within the area. The District is governed by an elected School Board of seven members. The District has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The District has no component units that meet the GASB criteria.

B. District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Intergovernmental revenues and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. State revenue is recognized in the year to which it applies according to Minnesota statutes and accounting principles generally accepted in the United States of America. Minnesota statutes include State aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure was made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

Note 1: Summary of Significant Accounting Policies (Continued)

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Description of Funds

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

Major Governmental Funds

The *General fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities in the district, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

The *Building Construction fund* accounts for the activity of the building construction project.

The *Debt Service fund* accounts for the accumulation of resources and the payment of general long-term obligation bond principal, interest and related costs.

Non-major Governmental Funds

The *Food Service special revenue fund* is used to account for food service revenue and expenditures. The major sources of revenues are food service sales and Federal and State grants, which are restricted for this purpose.

The *Community Service special revenue fund* accounts for services provided to residents in the areas of recreation, civic activities, non-public pupils, adult or early childhood programs, or other similar services. The major sources of revenues are recreation fees and special purpose tax levies, which are restricted for these purposes.

Note 1: Summary of Significant Accounting Policies (Continued)

The *Permanent fund* is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purchasing media center items. The principal amount of $25,000 is considered nonspendable.

Additionally, the District reports the following fund types:

Fiduciary Fund

The Custodial funds are used to report fiduciary activities where the District does not have a formal trust agreement with other governmental units, employees, students or others. The District reports two custodial funds: the football booster organization activities and scholarship funds. The football booster organization assets are for the benefit of the football booster organization and the District does not have administrative involvement with the assets or direct the financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to the football booster organization. The scholarship assets are for the benefit of the MN Initiative Foundation scholarship recipients and the District does not have administrative involvement with the assets or direct the financial involvement with the assets. In addition, the assets are not derived from the District's own source revenues.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and all highly liquid investments or equity investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.

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

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers acceptances of Unites States banks eligible for purchase by the Federal Reserve System.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The Minnesota School District Liquid Asset Fund (MSDLAF) investment pool operates in accordance with appropriate Minnesota laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The MSDLAF is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule §2a7. Financial statements of the MSDLAF fund can be obtained by contacting PFM Asset Management, LLC at P.O. Box 11760, Harrisburg, PA 17108-11760.

Property Taxes

The School Board 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 two installments. The taxes are collected by the County Treasurer and tax settlements are made to the District three or four times 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 a "tax shift". The remaining portion of taxes collectible in 2023 is recorded as unavailable revenue (property taxes levied for subsequent year).

Taxes payable on qualifying property, as defined by Minnesota statutes, are partially reduced by a market value credit aid. The credit is paid to the District by the State in lieu of taxes levied against homestead property.

Current property taxes receivable is recorded for taxes levied in 2022 and collectible in 2023. The remaining portion of the current tax levy is reported as a deferred inflow of resources, property taxes levied for subsequent year. Delinquent taxes receivable include the past six years’ uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

Accounts Receivable

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

Inventories and Prepaid Items

Inventories are recorded using the consumption method of accounting and consist of food and other supplies on hand at June 30, 2023 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets include property, plant and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Plumbing and Electrical	30
Building Improvements Interior, Portable Classrooms and Fire System	25
Heating and Ventilation System, Long-term Admin Software, Furniture and Fixtures, Outdoor Equipment, Roofing and Site Improvements	20
Custodial Equipment, Grounds Equipment, Kitchen Equipment and Machinery and Tools	15
All Other Equipment and Software	10
Vehicles and Buses	8
Carpet Replacement	7
Computer Hardware, Copiers and Library Books	5

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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other post-employment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension and OPEB contributions made subsequent to the measurement date.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation benefits and sick pay benefits. Vacation leave is accrued as a liability and recorded as an expense of those funds as the benefits earned by the employees.

Other Postemployment Benefits (OPEB) Obligation

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

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

Teachers Retirement Association (TRA)

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.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. Additional information can be found in Note 4.

Public Employees Retirement Association (PERA)

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. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan (GERP) and TRA is as follows:

	GERP	TRA	Total All Plans
School's proportionate share	$ 309,787	$ (1,619,499)	$ (1,309,712)
Proportionate share of State's contribution	9,573	61,051	70,624
Total pension expense	$ 319,360	$ (1,558,448)	$ (1,239,088)

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: delinquent property taxes and property taxes levied for subsequent year. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Furthermore, the District has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statement of net position and results from actuarial calculations.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows resources. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets”.

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

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 the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the District School Board (the board), which is the District’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board itself or by an official to which the governing body delegates the authority. The Board has delegated the authority to assign fund balances and their intended uses to the Business Manager or Superintendent.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

Note 1: Summary of Significant Accounting Policies (Continued)

The District considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District will first use committed, then assigned, and lastly unassigned amounts of fund balance when expenditures are made.

The District has formally adopted a fund balance policy for the General fund. The District's policy is to maintain a minimum unassigned fund balance of 10 percent of budgeted operating expenditures for cash-flow timing needs.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

The District adopts an annual budget for all funds in accordance with Minnesota State Statutes. The budget is prepared on the modified accrual basis of accounting. Before July 1, the proposed budget is presented to the School Board for review. The School Board holds public hearings and a final budget must be prepared and adopted no later than one week after the School Board approves the audited financial statements and has published the final budget in the local newspaper. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. The actual revenues, expenditures, and transfers for the year ended June 30, 2023 have been compared to the District's budget for the year where applicable. Variances in parentheses are unfavorable and indicate revenues are less than budget or expenditures are greater than budget. The budget is adopted through passage of a resolution. Any revisions that alter total expenditures of any fund must be approved by the School Board.

Budgetary control is maintained by fund, at the object of expenditure category level within each program, and in compliance with State requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (1) adequate funds were appropriated; (2) the expenditure is still necessary; and (3) funds are available. Budgeted amounts are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year end.

B. Excess of Actual Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess
Food Service	$ 713,406	$ 801,973	$ 88,567
Community Service	855,873	866,668	10,795
Debt Service	3,206,270	3,308,670	102,400

The excess expenditures were funded by excess revenues over budget and available fund balance.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the District's deposits and investments may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board of Education, the District maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all District deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any Federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

At year end, the District's carrying amount of deposits was $564,140 and the bank balance was $587,100. The entire bank balance was covered by federal depository insurance.

Note 3: Detailed Notes on All Funds (Continued)

Investment Policy

The funds of the District shall be deposited or invested in accordance with Minnesota statutes, chapter 118A and any other applicable law or written administrative procedures. The primary criteria for the investment of the funds of the District, in priority order are as follows:

1. *Safety and Security*. Safety of principal is the first priority. The investments of the District shall be undertaken in a manner that seeks to ensure the preservation of the capital in the overall investment portfolio.

2. *Liquidity*. The funds shall be invested to assure that funds are available to meet immediate payment requirements, including payroll, accounts payable and debt service.

3. *Return and Yield*. The investments shall be managed in a manner to attain a market rate of return through various economic and budgetary cycles, while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

Limitations on instruments, diversification and maturity scheduling shall depend on whether the funds being invested are considered short-term or long-term funds. All funds shall normally be considered short-term except those reserved for building construction projects or specific future projects and any unreserved funds used to provide financial-related managerial flexibility for future fiscal years. The District shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Within these parameters, portfolio maturities shall be staggered to avoid undue concentration of assets and a specific maturity sector. The maturities selected shall provide for stability of income and reasonable liquidity.

All investment securities purchased by the District shall be held in third-party safekeeping by an institution designated as custodial agent. The custodial agent may be any Federal Reserve Bank, any bank authorized under the laws of the United States or any state to exercise corporate trust powers, a primary reporting dealer in United States Government securities to the Federal Reserve Bank of New York, or a securities broker-dealer defined in Minnesota statutes 118A.06. The institution or dealer shall issue a safekeeping receipt to the District listing the specific instrument, the name of the issuer, the name in which the security is held, the rate, the maturity, serial numbers and other distinguishing marks, and other pertinent information.

Deposit-type securities shall be collateralized as required by Minnesota statute 118A.03 for any amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage.

Repurchase agreements shall be secured by the physical delivery or transfer against payment of the collateral securities to a third party or custodial agent for safekeeping. The District may accept a safekeeping receipt instead of requiring physical delivery or third-party safekeeping of collateral on overnight repurchase agreements of less than $1,000,000.

Note 3: Detailed Notes on All Funds (Continued)

As of June 30, 2023, the District had the following investments:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Minnesota School District Liquid						
Asset Fund (MSDLAF)	AAAm	less than 6 months	$ 1,128,546			
Non-pooled Investments at Amortized Costs						
PMA Financial Network						
MN Trust Investment Shares	N/A	less than 6 months	8,357,788			
Non-pooled Investments at Fair Value						
PMA Financial Network						
MN Trust - PMA Building Bonds	AA - AA+	Less than 1 year	4,818,829	$ 4,818,829	$ -	$ -
Total non-pooled investments			13,176,617	4,818,829	-	-
Total Investments			$ 14,305,163	$ 4,818,829	$ -	$ -

(1) Ratings are provided by various credit ratings agencies where applicable to indicate association's credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

The Minnesota School District Liquid Asset Fund (MSDLAF) is a trust organized and existing under the laws of the State of Minnesota and the Minnesota Joint Powers Act, as amended. The trust was established for the purpose of allowing Minnesota school districts to pool their investment funds to obtain a competitive investment yield, while maintaining liquidity and preserving capital. The credit rating for the MSDLAF is AAAm. The weighted average days to maturity are less than six months. The District's investment in the MSDLAF is equal to the value of pool shares.

A reconciliation of cash and temporary investments as shown on the statement of net position for the District follows:

Petty Cash	$ 225
Deposits	564,140
Investments	14,305,163
Total	$ 14,869,528

B. Property Taxes

Current property taxes receivable is recorded for taxes levied in 2022 and payable in 2023. A portion of the current property taxes receivable is recognized as revenue in the fiscal year ended June 30, 2023 in accordance with Minnesota statutes and the remaining balance is deferred for subsequent years' operations.

Delinquent property taxes receivable represents uncollected taxes from the previous six years' property tax levies.

Note 3: Detailed Notes on All Funds (Continued)

Taxes receivable by fund type is comprised of the following components:

	General	Debt Service	Nonmajor Governmental	Total
Current Taxes	$ 713,919	$ 2,509,452	$ 38,729	$ 3,262,100
Delinquent Taxes	7,106	17,609	427	25,142
Total Taxes Receivable	$ 721,025	$ 2,527,061	$ 39,156	$ 3,287,242
Property Taxes Levied for Subsequent Year	$ 1,290,467	$ 3,475,293	$ 84,340	$ 4,850,100

C. Capital Assets

Capital asset activity for the District for the year ended June 30, 2023 was as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 28,000	$ -	$ -	$ 28,000
Construction in progress	48,186,951	11,896,619	(60,083,570)	-
Total Capital Assets not Being Depreciated	48,214,951	11,896,619	(60,083,570)	28,000
Capital Assets Being Depreciated				
Land improvements	579,864	-	-	579,864
Buildings and improvements	11,168,762	60,083,570	(9,114,665)	62,137,667
Equipment	2,948,467	166,706	(5,500)	3,109,673
Total Capital Assets Being Depreciated	14,697,093	60,250,276	(9,120,165)	65,827,204
Less Accumulated Depreciation				
Land improvements	(524,398)	(10,411)	-	(534,809)
Buildings and improvements	(7,004,771)	(739,273)	5,856,362	(1,887,682)
Equipment	(2,152,027)	(116,878)	4,400	(2,264,505)
Total Accumulated Depreciation	(9,681,196)	(866,562)	5,860,762	(4,686,996)
Total Capital Assets Being Depreciated, Net	5,015,897	59,383,714	(3,259,403)	61,140,208
Governmental Activities Capital Assets, Net	$ 53,230,848	$ 71,280,333	$ (63,342,973)	$ 61,168,208

Note 3: Detailed Notes on All Funds (Continued)

Depreciation expense was charged to governmental activities as follows:

District Support Services	$ 2,223
Elementary and Secondary Regular Instruction	29,972
Vocational Education Instruction	1,588
Special education instruction	1,163
Community education and services	424
Instructional Support Services	4,880
Pupil Support Services	28,139
Sites and Buildings	798,173
Total Depreciation Expense	$ 866,562

D. Interfund Transfers

During fiscal year 2023, the District transferred $3,548 from the General fund to the Community Service fund at the recommendation of MDE.

E. Long-term Debt

General Obligation Bonds

The following bonds were issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. They will be retired from assets of the Debt Service fund, together with scheduled future ad valorem tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End	Due Within One Year
G.O. School Building Bonds, Series 2020A	56,115,000	2.5 - 5.00%	5/14/2020	02/01/50	$ 54,095,000	$ 1,090,000

Note 3: Detailed Notes on All Funds (Continued)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	General Obligation Bonds Governmental Activities Principal	Interest	Total
2024	$ 1,090,000	$ 2,219,800	$ 3,309,800
2025	1,145,000	2,165,300	3,310,300
2026	1,200,000	2,108,050	3,308,050
2027	1,260,000	2,048,050	3,308,050
2028	1,325,000	1,985,050	3,310,050
2029 - 2033	7,630,000	8,910,800	16,540,800
2034 - 2038	9,335,000	7,207,900	16,542,900
2039 - 2043	11,250,000	5,288,000	16,538,000
2044 - 2048	13,620,000	2,925,000	16,545,000
2049 - 2050	6,240,000	376,800	6,616,800
Total	$ 54,095,000	$ 35,234,750	$ 89,329,750

Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	$ 55,130,000	$ -	$ (1,035,000)	$ 54,095,000	$ 1,090,000
Unamortized premium	8,262,222	-	(295,079)	7,967,143	-
Other Liabilities					
Compensated absences	35,309	53,897	(39,637)	49,569	-
Governmental Activities Total long-term Liabilities	$ 63,427,531	$ 53,897	$ (1,369,716)	$ 62,111,712	$ 1,090,000

Note 3: Detailed Notes on All Funds (Continued)

F. Components of Fund Balance

At June 30, 2023, portions of the District's fund balance are not available for appropriation due to legal restrictions (Restricted) and policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Building Construction	Debt Service	Nonmajor Governmental	Total	Reconciling Items	UFARS Balance
Nonspendable							
Inventories	$ -	$ -	$ -	$ 12,830	$ 12,830	$ -	$ 12,830
Prepaids	150,408	-	-	25,000	175,408	-	175,408
Total Nonspendable Fund Balance	$ 150,408		$ -	$ 37,830	$ 188,238	$ -	$ 188,238
Restricted							
Building construction	$ -	2,830,330	$ -	$ -	$ 2,830,330	$ -	$ 2,830,330
Student activities	73,438	-	-	-	73,438	-	73,438
Staff development	16,378	-	-	-	16,378	-	16,378
Long-term facilities maintenance	263,269	-	-	-	263,269	-	263,269
Operating capital	235,120	-	-	-	235,120	-	235,120
Medical assistance	193,517	-	-	-	193,517	-	193,517
Achievement and integration	307	-	-	-	307	-	307
Debt service	-	-	370,708	-	370,708	-	370,708
Food service	-	-	-	282,587	282,587	-	282,587
Community education	-	-	-	300,797	300,797	-	300,797
Early childhood family education	-	-	-	42,327	42,327	-	42,327
School readiness	-	-	-	78,513	78,513	-	78,513
Classroom improvements	-	-	-	4,181	4,181	-	4,181
Total Restricted Fund Balance	$ 782,029	$ 2,830,330	$ 370,708	$ 708,405	$ 4,691,472	$ -	$ 4,691,472
Unassigned	$ 6,871,605	$ -	$ -	$ -	$ 6,871,605	$ -	$ 6,871,605

Restricted for Building Construction - This amount represents available resources dedicated exclusively for building construction projects. Revenues are derived from the issuance of bonds and expenditures are for building construction costs.

Restricted for Student Activities - This amount represents student activities resources.

Restricted for Staff Development - This amount represents general education aid resources to be expended for staff development programs.

Restricted for Long Term Facility Maintenance - This amount represents available resources for larger maintenance projects. Revenues are derived from State aids and expenditures are for maintenance.

Note 3: Detailed Notes on All Funds (Continued)

Restricted for Operating Capital - The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles and to purchase, rent, improve, and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General fund.

Restricted for Medical Assistance - This amount represents available resources for medical assistance expenditures. Revenues are derived from State or Federal aids.

Restricted for Achievement and Integration - This amount represents available resources to pursue racial and economic integration, increase student achievement, create equitable educational opportunities, and reduce academic disparities based on students' diverse racial, ethnic, and economic backgrounds.

Restricted for Debt Service - This amount represents available resources dedicated exclusively for debt service payments. Revenues are derived from tax levies and expenditures are for principal, interest and paying agent fees.

Restricted for Food Service - This amount represents available resources available for Food Services. Revenues are derived from State, Federal, local and county sources along with sales and other conversion of assets and expenditures are primarily for salaries, benefits, supplies and materials.

Restricted for Community Education - This amount represents available resources for community education classes. Revenues are derived from local tax levies and State aids and expenditures are for salaries, benefits and supplies.

Restricted for Early Childhood Family Education (ECFE) - This amount represents available resources to provide for ECFE programming.

Restricted for School Readiness - This amount represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

Restricted for Classroom Improvements - This amount represents resources restricted for classroom improvements.

Unassigned amounts represent resources available to meet current and future years' expenditures.

Note 4: Defined Benefit Pension Plans (Statewide)

A. Teachers Retirement Association (TRA)

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 member, one retired member and three statutory officials.

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

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

2. Benefits Provided

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

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

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

With these provisions:

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

2. Three percent per year early retirement reduction factors for all years under normal retirement age.

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

or

Tier II: For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for coordinated members and 2.7 percent per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, 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 calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the 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 were:

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

The District's contributions to TRA for the years ending June 30, 2023, 2022 and 2021 were $399,781, $382,066 and $371,590, respectively. The District's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

The following is a reconciliation of employer contributions in TRA's Comprehensive Annual Financial Report "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 Annual Comprehensive Financial Report 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 Pension Allocations	$ 515,519,000

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

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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 5, 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% thereafter
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% thereafter
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually
Mortality Assumption	
Pre-retirement	RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 scale
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment

*The assumptions prescribed are based on the experience study dated June 28, 2019. For GASB 67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with the actuary.

5. Long-Term Rate of Return

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.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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 68.

Changes in actuarial assumptions since the 2022 valuation:

- None

6. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

7. Net Pension Liability

At June 30, 2023, the District reported a liability of $5,933,536 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. The District's proportionate share was 0.0741 percent at the end of the measurement period and 0.0764 percent 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	$ 5,933,536
State's Proportionate Share of Net Pension Liability Associated with the District	440,101

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

For the year ended June 30, 2023, the District recognized negative pension expense of $1,619,499. It also recognized $61,051 as an increase to pension expense 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	$ 92,657	$ 55,588
Changes in Actuarial Assumptions	980,185	1,417,769
Net Difference Between Projected and Actual Earnings on Plan Investments	117,034	-
Changes in Proportion	-	71,315
Contributions to TRA Subsequent to the Measurement Date	399,781	-
Total	$ 1,589,657	$ 1,544,672

Deferred outflows of resources totaling $399,781 related to pensions resulting from the District's 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. Deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

2024	$ (1,408,007)
2025	7,416
2026	(68,472)
2027	673,396
2028	437,390
Thereafter	3,486

8. Pension Liability Sensitivity

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

District Proportionate Share of NPL		
1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
$ 9,353,896	$ 5,933,536	$ 3,129,907

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.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

9. Pension Plan Fiduciary Net Position

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

B. Public Employees Retirement Association (PERA)

1. Plan Description

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

General Employees Retirement Plan

All full-time and certain part-time employees of the District are covered by the General Employees Plan. 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.

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

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

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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 percent of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ending June 30, 2023, 2023 and 2022 were $168,433, $155,081 and $148,683, respectively. The District's contributions were equal to the required contributions for each year as set by state statute.

4. Pension Costs

General Employee Fund Pension Costs

At June 30, 2023, the District reported a liability of $2,185,929 for its proportionate share of the General Employee 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 $64,064 The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The District's proportion was 0.0276 percent which was a 0.0002 percent decrease from its proportion measured as of June 30, 2022.

District's Proprotionate Share of the Net Pension Liability	$ 2,185,929
State of Minnesota's Proportionate Share of the Net Pension Liability Associate with the District	64,064
Total	$ 2,249,993

For the year ended June 30, 2023, the District recognized pension expense of 309,787 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized $9,573 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At June 30, 2023, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 18,259	$ 23,258
Changes in Actuarial Assumptions	491,238	9,146
Net Difference Between Projected and Actual Earnings on Plan Investments	46,217	-
Changes in Proportion	24,814	-
Contributions to PERA Subsequent to the Measurement Date	168,433	-
Total	$ 748,961	$ 32,404

The $168,433 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 inflows of resources related to pensions will be recognized in pension expense as follows:

2024	$ 216,996
2025	201,087
2026	(67,643)
2027	197,684

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 %
Private Markets	25.00	5.90
Fixed Income	25.00	0.75
International Equity	16.50	5.30
Total	100.00 %	

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

6. *Actuarial 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 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience. Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation.

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

<u>General Employees Fund</u>

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

7. *Discount Rate*

The discount rate used to measure the total pension liability was 6.50 percent. 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.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

8. Pension Liability Sensitivity

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

District Proportionate Share of NPL		
1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
$ 3,452,790	$ 2,185,930	$ 1,146,908

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.

Note 5: Postemployment Benefits Other than Pensions

A. Plan Description

All employees are allowed upon meeting the eligibility requirements under Minn. Stat. 471.61 subd, 2b, to participate in the District's health insurance plan after retirement. This plan covers active and retired employees. Benefit provisions are established through negotiations between the District and the union representing District employees and are renegotiated at the end of each contract period. Contract groups receive other postretirement benefits as follows:

- *Superintendent, Principals, and Teachers* - Employees reaching age 55 with 3 years of service are allowed to access the group insurance plan.
- *All Others* - All other employees reaching age 55 with 5 years of service are allowed to access the group insurance plan.

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	6
Active Plan Members	163
Total Plan Members	169

B. Funding Policy

The implicit rate subsidy is only until Medicare eligibility. There are no subsidized post-employment medical, dental, or life insurance benefits.

C. Actuarial Methods and Assumptions

The District's total OPEB liability of was measured as of July 1, 2022, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2021. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date and the Plan's fiscal year end.

Note 5: Postemployment Benefits Other than Pensions (Continued)

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.80%
20-Year Municipal Bond Yield	3.80%
Inflation Rate	2.50%
Medical Trend Rate	6.25% in 2022 grading to 5.00% over 5 years and then to 4.00% over the next 48 years

The discount rate used to measure the total OPEB liability was 2.10 percent. Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale

The health care cost trend rate was 6.25% as of July 1, 2022 grading to 5.00% over years and then to 4.00% over the next 48 years.

D. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.80 percent) or one percentage point higher (4.80 percent) than the current discount rate:

1 Percent Decrease (2.80%)	Current (3.80%)	1 Percent Increase (4.80%)
$ 439,992	$ 416,108	$ 393,251

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 Healthcare Cost Trend Rates that is one percentage point lower (5.25 percent decreasing to 4.00 percent) or one percentage-point higher (7.25 percent decreasing to 6.00 percent) than the current rate:

1 Percent Decrease (5.25% Decreasing to 4.00%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5.00%)	1 Percent Increase (7.25 Decreasing to 6.00%)
$ 377,049	$ 416,108	$ 462,591

Note 5: Postemployment Benefits Other than Pensions (Continued)

E. Changes in the Total OPEB Liability

		Total OPEB Liability
Balances at June 30, 2022	$	433,283
Changes for the Year		
Service cost		28,584
Interest cost		9,158
Assumption changes		(31,717)
Plan Changes		28,566
Benefit payments		(51,766)
Net Changes		(17,175)
Balances at June 30, 2023	$	416,108

Since the prior measurement date, the following assumptions changed:

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

Since the prior measurement date, the following benefit terms changed:

- One teacher received an early retirement incentive of $12,500, paid as a lump sum on June 30, 2023 to a Health Care Savings Plan.
- This added benefit also caused the implicit rate subsidy to increase.

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

For the year ended June 30, 2022, the District recognized a negative OPEB expense of $20,636. At June 30, 2022, 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	$	-	$	66,953
Changes in Actuarial Assumptions		19,085		27,788
Contributions to OPEB Subsequent to the Measurement Date		61,184		-
Total	$	80,269	$	94,741

Deferred outflows of resources totaling $61,184 related to OPEB resulting from the District's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024.

Note 5: Postemployment Benefits Other than Pensions (Continued)

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

2024	$	(25,758)
2025		(25,427)
2026		(9,594)
2027		(9,594)
2028		(5,283)

Note 6: Flexible Benefit Plan

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

Before the beginning of the plan year, which is from September 1 to August 31, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions for the health care portion of the plan, whether or not such contributions have been made.

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

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

Note 7: Other Information

A. Contingent Liabilities

The District participates in a number of federal and state programs that are either partially or fully funded by grants or aids received from these agencies or other governmental units. Such programs are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the District believes that any disallowed costs as a result of such audits will be immaterial.

B. Jointly Covered Organization

The Minnesota Valley Education District was established for the primary objective of providing specialized services for special education students as defined by State law, and to provide other programs and services as approved by the Joint Powers Governing Board. The education district was established by seven separate member districts, of which the District is a member. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements and other charges for services. The education district is able to recover the cost of its program through the previously mentioned revenue sources. The joint venture’s financial statements are audited and available for inspection.

Note 7: Other Information (Continued)

C. 403(b) Plan

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Some employees are eligible to receive a match of employee contributions up to the qualifying amounts set forth in their Wage and Benefit Guidelines. Contributions are invested in tax deferred annuities hosted by a vendor from whom the District has obtained.

Note 8: Subsequent Event

On June 12, 2023, the District authorized the issuance and authorization of Taxable General Obligation Facilities Maintenance Bonds, Series 2023A. These bonds were approved in the amount of $575,000.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 2135
MAPLETON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Independent School District No. 2135
Mapleton, Minnesota
Required Supplementary Information
For the Year Ended June 30, 2023

Schedule of Employer's Share of TRA Net Pension Liability

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0741 %	$ 5,933,536	$ 440,101	$ 6,373,637	$ 4,581,132	129.5 %	76.2 %
06/30/21	0.0764	3,343,492	281,838	3,625,330	4,592,557	72.8	86.6
06/30/20	0.0807	5,962,224	499,864	6,462,088	4,691,048	127.1	75.5
06/30/19	0.0833	5,309,559	470,026	5,779,585	4,729,183	112.3	78.2
06/30/18	0.0837	5,255,046	493,579	5,748,625	4,726,650	111.2	78.1
06/30/17	0.0829	16,548,344	1,529,052	18,077,396	4,500,976	367.7	51.6
06/30/16	0.0882	21,037,804	2,112,670	23,150,474	4,587,960	458.5	44.9
06/30/15	0.0926	5,728,226	702,904	6,431,130	4,682,366	122.3	76.8
06/30/14	0.1031	4,750,774	273,479	5,024,253	261,187	1,818.9	81.1

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's TRA Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/23	$ 399,781	$ 399,781	$ -	$ 4,675,801	8.6 %
06/30/22	382,066	382,066	-	4,581,132	8.3
06/30/21	371,590	371,590	-	4,592,557	8.1
06/30/20	371,531	371,531	-	4,691,048	7.9
06/30/19	364,693	364,693	-	4,729,183	7.7
06/30/18	352,766	352,766	-	4,726,650	7.5
06/30/17	335,982	335,982	-	4,500,976	7.5
06/30/16	344,097	344,097	-	4,587,960	7.5
06/30/15	351,177	351,177	-	4,682,366	7.5
06/30/14	330,511	330,511	-	4,665,627	7.1

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - TRA

Changes in Actuarial Assumptions

2022 – No changes noted.

2021 - The investment return assumption was changed from 7.50 percent to 7.00 percent.

2020 - Assumed termination rates were changed to more closely reflect actual experience. The pre-retirement mortality assumption was changed to 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 - No changes noted.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The cost of living adjustment was not assumed to increase to 2.5 percent but remain at 2.0 percent for all future years. The investment return assumption was changed from 8.25 percent to 8.00 percent.

2014 - The cost of living adjustment was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2034.

Notes to the Required Supplementary Information – TRA (Continued)

Changes in Plan Provisions

2022 – No changes noted.

2021 - No changes noted.

2020 - No changes noted.

2019 - No changes noted.

2018 - The 2018 Omnibus Pension Bill contained a number of changes:

- The COLA was reduced from 2.0 percent each January 1 to 1.0 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1 percent each year until reaching the ultimate rate of 1.5 percent in January 1, 2028.

- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.

- The COLA trigger provision, which would have increased the COLA to 2.5 percent if the funded ratio was at least 90 percent for two consecutive years, was eliminated.

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0 percent to 3.0 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5 percent to 7.5 percent, effective July 1, 2018.

- The employer contribution rate is increased each July 1 over the next 6 years (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2021, 8.34 percent in 2022, 8.55 percent in 2023, 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 - No changes noted.

2016 - No changes noted.

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

2014 - The increase in the post-retirement benefit adjustment (COLA) will be made once the plan is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

Independent School District No. 2135
Mapleton, Minnesota
Required Supplementary Information (Continued)
For the Year Ended June 30, 2023

Schedule of Employer's Share of PERA Net Pension Liability

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0276 %	$ 2,185,929	$ 64,064	$ 2,249,993	$ 2,067,747	105.7 %	76.7 %
06/30/21	0.0274	1,170,103	35,686	$ 1,205,789	1,981,840	59.0	87.0
06/30/20	0.0284	1,702,710	52,549	1,755,259	1,902,446	89.5	79.1
06/30/19	0.0268	1,481,712	45,998	1,527,710	1,748,366	84.7	80.2
06/30/18	0.0276	1,531,135	50,215	1,581,350	1,738,473	88.1	79.5
06/30/17	0.0262	1,672,591	21,030	1,693,621	1,613,130	103.7	75.9
06/30/16	0.0277	2,249,103	29,309	2,278,412	1,599,317	140.6	68.9
06/30/15	0.0279	1,445,923	-	1,445,923	1,609,907	89.8	78.2
06/30/14	0.3010	1,413,947	-	1,413,947	1,585,240	89.2	78.8

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/23	$ 168,433	$ 168,433	$ -	$ 2,245,773	7.5 %
06/30/22	155,081	155,081	-	2,067,747	7.5
06/30/21	148,638	148,638	-	1,981,840	7.5
06/30/20	142,683	142,683	-	1,902,446	7.5
06/30/19	131,127	131,127	-	1,748,366	7.5
06/30/18	130,385	130,385	-	1,738,473	7.5
06/30/17	120,985	120,985	-	1,613,130	7.5
06/30/16	119,949	119,949	-	1,599,317	7.5
06/30/15	120,743	120,743	-	1,609,907	7.5
06/30/14	114,930	114,930	-	1,585,240	7.3

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - PERA

2022 – The mortality improvement scale was changed from Scale MP-2022 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2021.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Notes to the Required Supplementary Information – PERA (Continued)

Changes in Plan Provisions

2022 – There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2021 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2021.

2019 – The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

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

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

2016 - No changes noted.

2015 - 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.

Schedule of Changes in the District's Total OPEB Liability (Asset) and Related Ratios

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	$ 28,584	$ 34,822	$ 29,519	$ 28,659	$ 24,269
Interest cost	9,158	12,771	13,453	18,442	17,900
Differences between expected and actual experience	-	(54,475)	-	(91,914)	-
Changes in assumptions	(31,717)	28,629	-	(3,087)	(1,986)
Plan changes	28,566	77,330	-	40,448	57,466
Benefit payments	(51,766)	(85,216)	(55,603)	(116,477)	(87,032)
Net Change in Total OPEB Liability	(17,175)	13,861	(12,631)	(123,929)	10,617
Total OPEB Liability - Beginning	433,283	419,422	432,053	555,982	545,365
Total OPEB Liability - Ending	$ 416,108	$ 433,283	$ 419,422	$ 432,053	$ 555,982
Covered - Employee Payroll	$ 6,761,775	$ 6,564,830	$ 7,000,756	$ 6,796,850	$ 6,199,891
District's Total OPEB Liability as a Percentage of Covered - Employee Payroll	6.2 %	6.6 %	6.0 %	6.4 %	9.0 %

Note: This schedule intended to show 10-year trends. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - OPEB

Changes in Benefits

2023 - One teacher received an early retirement incentive of $12,500, paid as a lump sum on June 30, 2023 to a Health Care Savings Plan.

2022 - Two teachers received early retirement incentive benefits of $12,500 each, paid as lump sums for the period ending June 30, 2022, to a Health Care Savings Plan.

2021 - Three teachers received early retirement incentive benefits of $12,500 each, paid as lump sums during June 2019 to a Health Care Savings Plan.

Changes in Actuarial Assumptions

2023 – The inflation rate was changed from 2.00% to 2.50%. The discount rate was changed from 2.10% to 3.80%.

2022 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale. The salary increase rates for non-teachers were updated to reflect the latest experience study. The withdrawal rates were updated to reflect the latest experience study. The inflation rate was changed from 2.50% to 2.00%. The discount rate was changed from 3.10% to 2.10%.

2021 -The health care trend rates, mortality tables, and salary increase rates were updated. The discount rate changed from 3.50% to 3.10%.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS, SCHEDULES AND TABLE

INDEPENDENT SCHOOL DISTRICT NO. 2135
MAPLETON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

Independent School District No. 2135
Mapleton, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023
With Comparative Totals for June 30, 2022

	Special Revenue			
	Food Service	Community Service	Permanent Fund	Total
Assets				
Cash and temporary investments	$ 297,102	$ 496,910	$ 29,025	$ 823,037
Receivables				
Taxes	-	39,156	-	39,156
Accounts and interest	595	12,276	156	13,027
Intergovernmental	1,005	14,716	-	15,721
Inventories	12,830	-	-	12,830
Total Assets	$ 311,532	$ 563,058	$ 29,181	$ 903,771
Liabilities				
Accounts and other payables	$ 1,828	$ 17,950	$ -	$ 19,778
Salaries and wages payable	2,191	23,829	-	26,020
Unearned revenue	12,096	14,875	-	26,971
Total Liabilities	16,115	56,654	-	72,769
Deferred Inflows of Resources				
Unavailable revenue				
Delinquent property taxes	-	427	-	427
Property taxes levied for subsequent year	-	84,340	-	84,340
Total Deferred Inflows of Resources	-	84,767	-	84,767
Fund Balances				
Nonspendable				
Inventories	12,830	-	-	12,830
Permanent fund	-	-	25,000	25,000
Restricted				
Food service	282,587	-	-	282,587
Community education	-	300,797	-	300,797
Early childhood family education	-	42,327	-	42,327
School readiness	-	78,513	-	78,513
Classroom improvements	-	-	4,181	4,181
Total Fund Balances	295,417	421,637	29,181	746,235
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 311,532	$ 563,058	$ 29,181	$ 903,771

The notes to the financial statemetns are an intergal part of this statement.

Independent School District No. 2135
Mapleton, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

	Special Revenue			
	Food Service	Community Service	Permanent Fund	Total
Revenues				
Local property tax levies	$ -	$ 81,560	$ -	$ 81,560
Other local and county revenue	-	748,412	-	748,412
Interest earned on investments	16,326	28,883	330	45,539
Revenue from state sources	34,750	93,764	-	128,514
Revenue from federal sources	425,448	6,875	-	432,323
Sales and other conversion of assets	378,053	-	-	378,053
Total Revenues	854,577	959,494	330	1,814,401
Expenditures				
Current				
Community education and services	-	866,349	-	866,349
Pupil support services	793,848	-	-	793,848
Capital outlay	8,125	319	-	8,444
Total Expenditures	801,973	866,668	-	1,668,641
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,604	92,826	330	145,760
Other Financing Sources (Uses)				
Transfers in	-	3,548	-	3,548
Net Change in Fund Balances	52,604	96,374	330	149,308
Fund Balances, July 1	242,813	325,263	28,851	596,927
Fund Balances, June 30	$ 295,417	$ 421,637	$ 29,181	$ 746,235

The notes to the financial statemetns are an intergal part of this statement.

Independent School District No. 2135
Mapleton, Minnesota
Custodial Funds
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds		Total
	Football Booster	Scholarship	Custodial funds
Assets			
Cash and cash equivalents	$ -	$ -	$ -
Net Position			
Total Net Position	$ -	$ -	$ -

Independent School District No. 2135
Mapleton, Minnesota
Custodial Funds
Combining Statement of Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2023

	Custodial Funds		Total
	Football Booster	Scholarship	Custodial funds
Additions			
Contributions	$ 358	$ -	$ 358
Deductions			
Current			
Salaries and wages	1,500	-	1,500
Employee benefits	237	-	237
Supplies and materials	307	-	307
Scholarship awards	-	1,000	1,000
Total Deductions	2,044	1,000	3,044
Net Change in Net Position	(1,686)	(1,000)	(2,686)
Net Position, July 1	1,686	1,000	2,686
Net Position, June 30	$ -	$ -	$ -

Independent School District No. 2135
Mapleton, Minnesota
General Fund
Comparative Balance Sheets
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	$ 8,028,589	$ 6,370,444
Receivables		
Taxes	721,025	650,412
Interest	26,496	1,385
Accounts and interest	22,537	7,265
Intergovernmental	1,090,326	1,608,188
Prepaid items	150,408	134,746
Total Assets	$ 10,039,381	$ 8,772,440
Liabilities		
Accounts and other payables	$ 64,893	$ 25,888
Salaries and wages payable	403,797	377,663
Due to other school districts	850	2,465
Due to other governments	2,923	6,206
Accrued expenses	417,671	412,013
Unearned revenue	47,632	26,790
Total Liabilities	937,766	851,025
Deferred Inflows of Resources		
Unavailable revenue		
Delinquent property taxes	7,106	5,590
Property taxes levied for subsequent year	1,290,467	1,164,247
Total Deferred Inflows of Resources	1,297,573	1,169,837
Fund Balances		
Nonspendable		
Prepaids	150,408	134,746
Restricted		
Student activities	73,438	60,756
Staff development	16,378	8,656
Operating capital	235,120	239,025
Medical assistance	193,517	169,949
Achievement and integration	307	1,332
Long term facility maintenance	263,269	317,845
Unassigned	6,871,605	5,819,269
Total Fund Balances	7,804,042	6,751,578
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,039,381	$ 8,772,440

Independent School District No. 2135
Mapleton, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Page)
For the Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023				2022
	Budgeted Amounts			Variance With	
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local property tax levies	$ 1,395,620	$ 1,421,501	$ 1,420,199	$ (1,302)	$ 1,420,271
Other local and county revenue	314,749	375,771	553,820	178,049	520,353
Interest earned on investments	8,000	120,000	195,366	75,366	11,335
Revenue from state sources	9,582,281	10,038,895	10,070,691	31,796	9,389,526
Revenue from federal sources	795,275	821,965	889,629	67,664	1,179,580
Sales and other conversion of assets	22,000	28,500	76,227	47,727	50,540
Total Revenues	12,117,925	12,806,632	13,205,932	399,300	12,571,605
Expenditures					
Current					
Administration					
Salaries	448,877	433,101	404,300	28,801	432,453
Employee benefits	205,132	191,816	178,325	13,491	196,449
Purchased services	8,000	8,000	7,855	145	5,821
Supplies and materials	8,545	8,545	6,794	1,751	7,481
Other expenditures	10,783	10,783	10,311	472	10,720
Total administration	681,337	652,245	607,585	44,660	652,924
District support services					
Salaries	277,909	293,488	296,064	(2,576)	211,904
Employee benefits	90,643	100,749	97,287	3,462	111,789
Purchased services	89,305	84,995	77,527	7,468	100,867
Supplies and materials	115,340	121,540	66,119	55,421	9,117
Other expenditures	(31,933)	(30,674)	(38,240)	7,566	(20,455)
Total district support services	541,264	570,098	498,757	71,341	413,222
Elementary and secondary regular instruction					
Salaries	3,235,160	3,207,270	3,087,480	119,790	3,012,500
Employee benefits	1,030,102	988,469	918,337	70,132	921,350
Purchased services	314,971	328,881	340,937	(12,056)	319,888
Supplies and materials	196,331	213,606	273,254	(59,648)	240,950
Other expenditures	55,557	55,557	79,400	(23,843)	15,232
Total elementary and secondary regular instruction	4,832,121	4,793,783	4,699,408	94,375	4,509,920
Vocational education instruction					
Salaries	163,210	161,845	175,441	(13,596)	154,295
Employee benefits	56,423	58,655	56,343	2,312	53,280
Purchased services	13,000	13,000	12,384	616	12,168
Supplies and materials	6,950	6,950	10,985	(4,035)	4,897
Other expenditures	345	345	-	345	-
Total vocational education instruction	239,928	240,795	255,153	(14,358)	224,640
Special education instruction					
Salaries	1,436,939	1,512,281	1,479,598	32,683	1,408,645
Employee benefits	393,183	397,665	389,452	8,213	369,879
Purchased services	198,975	242,643	308,607	(65,964)	161,033
Supplies and materials	12,530	12,530	11,044	1,486	8,363
Other expenditures	9,000	9,000	27,433	(18,433)	10,493
Total special education instruction	2,050,627	2,174,119	2,216,134	(42,015)	1,958,413

Independent School District No. 2135
Mapleton, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023				2022
	Budgeted Amounts			Variance With	
	Original	Final	Actual	Final Budget	Actual
Expenditures (Continued)					
Current (continued)					
Instructional support services					
Salaries	$ 256,449	$ 290,298	$ 292,841	$ (2,543)	$ 260,470
Employee benefits	70,952	62,917	63,798	(881)	71,149
Purchased services	65,300	57,290	39,405	17,885	26,952
Supplies and materials	27,557	23,976	17,725	6,251	21,220
Other expenditures	210	210	315	(105)	25
Total instructional support services	420,468	434,691	414,084	20,607	379,816
Pupil support services					
Salaries	396,574	372,395	370,394	2,001	402,762
Employee benefits	104,743	99,443	102,639	(3,196)	99,761
Purchased services	1,109,965	1,136,575	1,128,885	7,690	1,246,480
Supplies and materials	22,546	39,860	45,307	(5,447)	14,335
Other expenditures	-	-	-	-	1,821
Total pupil support services	1,633,828	1,648,273	1,647,225	1,048	1,765,159
Sites and buildings					
Salaries	311,001	329,227	327,314	1,913	331,741
Employee benefits	124,653	124,960	103,042	21,918	127,050
Purchased services	581,040	637,748	541,242	96,506	342,364
Supplies and materials	180,500	281,500	299,395	(17,895)	247,092
Other expenditures	-	-	2,083	(2,083)	-
Total sites and buildings	1,197,194	1,373,435	1,273,076	100,359	1,048,247
Fiscal and other fixed cost programs					
Purchased services	75,239	99,815	106,032	(6,217)	74,174
Total current	11,672,006	11,987,254	11,717,454	269,800	11,026,515
Capital outlay					
District support services	27,000	6,424	-	6,424	-
Elementary and secondary regular instruction	13,809	148,000	156,982	(8,982)	72,379
Special education instruction	-	-	599	(599)	2,567
Instructional support services	34,500	35,500	33,363	2,137	211,778
Pupil support services	66,877	66,877	61,075	5,802	-
Site and buildings	-	7,000	185,641	(178,641)	75,175
Total capital outlay	142,186	263,801	437,660	(173,859)	361,899
Total Expenditures	11,814,192	12,251,055	12,155,114	95,941	11,388,414

Independent School District No. 2135

Mapleton, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023				2022
	Budgeted Amounts			Variance With	
	Original	Final	Actual	Final Budget	Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 303,733	$ 555,577	$ 1,050,818	$ 495,241	$ 1,183,191
Other Financing Sources (Uses)					
Sale of capital assets	-	-	5,194	5,194	7,000
Transfers in	-	-	-	-	(2,068)
Transfers out	-	-	(3,548)	(3,548)	-
Total Other Financing Sources (Uses)	-	-	1,646	1,646	4,932
Net Change in Fund Balances	303,733	555,577	1,052,464	496,887	1,188,123
Fund Balances, July 1	6,751,578	6,751,578	6,751,578	-	5,563,455
Fund Balances, June 30	$ 7,055,311	$ 7,307,155	$ 7,804,042	$ 496,887	$ 6,751,578

Independent School District No. 2135
Mapleton, Minnesota
Building Construction Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023				2022
	Budgeted Amounts			Variance With	
	Original	Final	Actual	Final Budget	Actual
Revenues					
Other local and county revenue	$ -	$ 13,750	$ 13,750	$ -	$ -
Interest earned on investments	20,000	180,000	250,050	70,050	59,961
Total Revenues	20,000	193,750	263,800	70,050	59,961
Expenditures					
Capital outlay					
Sites, buildings and equipment	10,000,000	14,500,000	12,275,273	2,224,727	30,164,301
Net Change in Fund Balances	(9,980,000)	(14,306,250)	(12,011,473)	2,294,777	(30,104,340)
Fund Balances, July 1	14,841,803	14,841,803	14,841,803	-	44,946,143
Fund Balances, June 30	$ 4,861,803	$ 535,553	$ 2,830,330	$ 2,294,777	$ 14,841,803

Independent School District No. 2135

Mapleton, Minnesota
Food Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023				2022
	Budgeted Amounts			Variance With	
	Original	Final	Actual	Final Budget	Actual
Revenues					
Interest earned on investments	$ 500	$ 1,000	$ 16,326	$ 15,326	$ 436
Revenue from state sources	17,000	31,500	34,750	3,250	25,590
Revenue from federal sources	691,500	378,061	425,448	47,387	742,840
Sales and other conversion of assets	107,700	376,538	378,053	1,515	133,156
Total Revenues	816,700	787,099	854,577	67,478	902,022
Expenditures					
Current					
Pupil support services					
Salaries	256,169	261,893	258,624	3,269	248,688
Employee benefits	53,808	54,545	54,952	(407)	52,684
Purchased services	(16,710)	(13,600)	10,136	(23,736)	7,289
Supplies and materials	354,090	358,424	415,191	(56,767)	371,499
Other expenditures	48,144	48,144	54,945	(6,801)	45,474
Total current	695,501	709,406	793,848	(84,442)	725,634
Capital outlay					
Pupil support services	250,000	4,000	8,125	(4,125)	125,000
Total Expenditures	945,501	713,406	801,973	(88,567)	850,634
Net Change in Fund Balances	(128,801)	73,693	52,604	(21,089)	51,388
Fund Balances, July 1	242,813	242,813	242,813	-	191,425
Fund Balances, June 30	$ 114,012	$ 316,506	$ 295,417	$ (21,089)	$ 242,813

Independent School District No. 2135
Mapleton, Minnesota
Community Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023				2022
	Budgeted Amounts			Variance With	
	Original	Final	Actual	Final Budget	Actual
Revenues					
Local property tax levies	$ 84,210	$ 81,723	$ 81,560	$ (163)	$ 87,597
Other local and county revenue	589,755	665,898	748,412	82,514	591,751
Interest earned on investments	1,000	1,000	28,883	27,883	669
Revenue from state sources	80,960	91,263	93,764	2,501	86,077
Revenue from federal sources	-	-	6,875	6,875	26,438
Total Revenues	755,925	839,884	959,494	119,610	792,532
Expenditures					
Current					
Community education and services					
Salaries	463,426	512,355	496,103	16,252	411,497
Employee benefits	114,766	126,612	128,935	(2,323)	101,032
Purchased services	127,674	138,099	140,733	(2,634)	147,716
Supplies and materials	76,134	76,062	98,168	(22,106)	50,825
Other expenditures	2,680	2,745	2,410	335	2,668
Total current	784,680	855,873	866,349	(10,476)	713,738
Capital outlay					
Community education and services	-	-	319	(319)	250
Total Expenditures	784,680	855,873	866,668	(10,795)	713,988
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,755)	(15,989)	92,826	108,815	78,544
Other Financing Sources (Uses)					
Operating transfers in	-	-	3,548	3,548	2,068
Net Change in Fund Balances	(28,755)	(15,989)	96,374	112,363	80,612
Fund Balances, July 1	325,263	325,263	325,263	-	244,651
Fund Balances, June 30	$ 296,508	$ 309,274	$ 421,637	$ 112,363	$ 325,263

Independent School District No. 2135
Mapleton, Minnesota
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023
With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenue					
Local property tax levies	$ 3,471,878	$ 1,912,322	$ 1,906,420	$ (5,902)	$ 2,016,569
Interest earned on investments	-	3,000	51,510	48,510	1,335
Revenue from state sources	-	1,559,556	1,559,556	-	1,446,687
Total Revenues	3,471,878	3,474,878	3,517,486	42,608	3,464,591
Expenditures					
Debt service					
Principal	1,035,000	1,035,000	1,035,000	-	985,000
Interest and other	2,171,270	2,171,270	2,273,670	(102,400)	2,322,920
Total Expenditures	3,206,270	3,206,270	3,308,670	(102,400)	3,307,920
Net Change in Fund Balances	265,608	268,608	208,816	(59,792)	156,671
Fund Balances, July 1	161,892	161,892	161,892	-	5,221
Fund Balances, June 30	$ 427,500	$ 430,500	$ 370,708	$ (59,792)	$ 161,892

DEPARTMENT OF EDUCATION

Fiscal Compliance

Fiscal Compliance Report - 6/30/2023
District: MAPLE RIVER (2135-1)

01 GENERAL FUND

	Audit	UFARS	Audit - UFARS
Total Revenue	$13,205,932	$13,205,913	$19
Total Expenditures	$12,155,114	$12,155,091	$23
Non Spendable:			
4.60 Non Spendable Fund Balance	$150,408	$150,408	$0
Restricted / Reserved:			
4.01 Student Activities	$73,438	$73,438	$0
4.02 Scholarships	$0	$0	$0
4.03 Staff Development	$16,378	$16,378	$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	$235,120	$235,121	($1)
4.26 $25 Taconite	$0	$0	$0
4.27 Disabled Accessibility	$0	$0	$0
4.28 Learning & Development	$0	$0	$0
4.34 Area Learning Center	$0	$0	$0
4.35 Contracted Alt. Programs	$0	$0	$0
4.36 State Approved Alt. Program	$0	$0	$0
4.38 Gifted & Talented	$0	$0	$0
4.40 Teacher Development and Evaluation	$0	$0	$0
4.41 Basic Skills Programs	$0	$0	$0
4.48 Achievement and Integration	$307	$307	$0
4.49 Safe Schools Levy	$0	$0	$0
4.51 QZAB Payments	$0	$0	$0
4.52 OPEB Liab Not In Trust	$0	$0	$0
4.53 Unfunded Sev & Retiremt Levy	$0	$0	$0
4.59 Basic Skills Extended Time	$0	$0	$0
4.67 LTFM	$263,269	$263,270	($1)
4.72 Medical Assistance	$193,517	$193,518	($1)
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	$0	$0	$0
Unassigned:			
4.22 Unassigned Fund Balance	$6,871,605	$6,871,605	$0

02 FOOD SERVICES

	Audit	UFARS	Audit - UFARS
Total Revenue	$854,577	$854,578	($1)
Total Expenditures	$801,973	$801,972	$1
Non Spendable:			
4.60 Non Spendable Fund Balance	$12,830	$12,830	$0
Restricted / Reserved:			
4.52 OPEB Liab Not In Trust	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$282,587	$282,587	$0

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	$263,800	$263,800	$0
Total Expenditures	$12,275,273	$12,275,273	$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	$2,830,330	$2,830,330	$0
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	$3,517,486	$3,517,484	$2
Total Expenditures	$3,308,670	$3,308,670	$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	$0	$0	$0
4.67 LTFM	$0	$0	$0
Restricted:			
4.64 Restricted Fund Balance	$370,708	$370,707	$1
Unassigned:			
4.63 Unassigned Fund Balance	$0	$0	$0

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$330	$330	$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)	$29,181	$29,181	$0

18 CUSTODIAL

	Audit	UFARS	Audit - UFARS
Total Revenue	$358	$358	$0
Total Expenditures	$3,044	$3,044	$0
Restricted / Reserved:			
4.01 Student Activities	$0	$0	$0
4.02 Scholarships	$0	$0	$0
4.48 Achievement and Integration	$0	$0	$0
4.64 Restricted Fund Balance	$0	$0	$0

20 INTERNAL SERVICE

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

25 OPEB REVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	$0	$0	$0
Total Expenditures	$0	$0	$0

Unassigned:			
4.63 Unassigned Fund Balancee	$0	$0	$0

04 COMMUNITY SERVICE

Total Revenue	$959,494	$959,490	$4
Total Expenditures	$866,668	$866,663	$5
Non Spendable:			
4.60 Non Spendable Fund Balance	$0	$0	$0
Restricted / Reserved:			
4.26 $25 Taconite	$0	$0	$0
4.31 Community Education	$300,797	$300,799	($2)
4.32 E.C.F.E	$42,327	$42,326	$1
4.40 Teacher Development and Evaluation	$0	$0	$0
4.44 School Readiness	$78,513	$78,512	$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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

OTHER REPORTS

INDEPENDENT SCHOOL DISTRICT NO. 2135
MAPLETON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

THIS PAGE IS LEFT

BLANK INTENTIONALLY

**INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE**

Members of the School Board
Independent School District No. 2135
Mapleton, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 2135, Mapleton, Minnesota, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements and have issued our report thereon dated October 4, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts sections of the *Minnesota Legal Compliance Audit Guide for Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Abdo

Abdo
Mankato, Minnesota
October 4, 2023

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

Members of the School Board
Independent School District No. 2135
Mapleton, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Independent School District No. 2135, Mapleton, Minnesota (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements and have issued our report thereon dated October 4, 2023.

Internal Control Over Financial Reporting

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

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the Schedule of Findings and Responses as finding 2023-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the Schedule of Findings and Responses as finding 2023-001 to be a significant deficiency.

Compliance and Other Matters

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

The District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Abdo

Abdo
Mankato, Minnesota
October 4, 2023

THIS PAGE IS LEFT

BLANK INTENTIONALLY

FEDERAL AWARD PROGRAMS

INDEPENDENT SCHOOL DISTRICT NO. 2135
MAPLETON, MINNESOTA

FOR THE YEAR ENDED
JUNE 30, 2023

THIS PAGE IS LEFT

BLANK INTENTIONALLY

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

Members of the School Board
Independent School District No. 2135
Mapleton, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Independent School District No. 2135, Mapleton, Minnesota (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2023. The District's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 the District 's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the District's compliance with the requirements of each 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Abdo

Abdo
Mankato, Minnesota
October 4, 2023

Independent School District No. 2135
Mapleton, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Funding Source	Administering Department	Program Name	Assistance Listing Number	Pass-Through Entity Idenfifying Number	Federal Program Clusters	Total Federal Expenditures
U.S. Department of Agriculture	Minnesota Department of Education	School Breakfast Program	10.553	1000004071	$ 57,368	
U.S. Department of Agriculture	Minnesota Department of Education	National School Lunch Program	10.555	1000004071	94,095	
U.S. Department of Agriculture	Minnesota Department of Education	Free and Reduced Lunch Program	10.555	1000004071	177,161	
U.S. Department of Agriculture	Minnesota Department of Education	Supply Chain Assistance Program	10.555C	1000004071	33,466	
U.S. Department of Agriculture	Minnesota Department of Education	Noncash - Commodity Supplemental Food Program	10.555 *		46,967	
U.S. Department of Agriculture	Minnesota Department of Education	Special Milk Program for Children (SMP)	10.556	1000004071	1,238	
		Total Child Nutrition Cluster				$ 410,295
U.S. Department of Education	Minnesota Valley Education District	Special Education-Grants to States	84.027		37,932	
U.S. Department of Education	Minnesota Valley Education District	American Rescue Plan (ARP) Special Education-Grants to States	84.027X		26,695	
U.S. Department of Education	Minnesota Valley Education District	American Rescue Plan (ARP) Special Education-Grants to States Coordinated Early Intervention Services (CEIS)	84.027X		5,296	
U.S. Department of Education	Minnesota Valley Education District	Special Education-Preschool Grants	84.173		6,000	
U.S. Department of Education	Minnesota Valley Education District	Special Education-Preschool Grants Mandatory Coordinated Early Intervening Services	84.173		37,068	
U.S. Department of Education	Minnesota Valley Education District	American Rescue Plan (ARP) Special Education-Preschool Grants	84.173X		3,773	
		Total Special Education (IDEA) Cluster				116,764
U.S. Department of Education	Minnesota Department of Education	Title I Grants to Local Educational Agencies	84.010	S010A210023A		177,622
U.S. Department of Education	Minnesota Department of Education	Supporting Effective Instruction State Grants	84.367	S367A210022		30,061
U.S. Department of Education	Minnesota Department of Education	Student Support and Academic Enrichment Program	84.424	S424A210024		10,863
U.S. Department of Education	Minnesota Department of Education	Education Stabilization Fund (ESF) - Elementary and Secondary School Education Relief (ESSER) III	84.425UC	S425D210045		455,249
U.S. Department of Education	Minnesota Department of Education	Education Stabilization Fund (ESF) Expanded Summer Learning – ESSER	84.425DC			27,184
U.S. Department of Health and Human Services	Minnesota Department of Education	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			21,344
U.S. Department Treasury	Minnesota Department of Revenue	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Enrollment Loss	21.027C			22,910
U.S. Department Treasury	Minnesota Department of Revenue	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Summer Academic Enrichment and Mental Health	21.027C			27,630
U.S. Department Treasury	Minnesota Department of Revenue	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Summer Preschool Porgram	21.027C			6,875
U.S. Department Agriculture	Minnesota Department of Education	Child and Adult Care Food Program	10.558			16,127
U.S. Department Agriculture	Minnesota Department of Education	State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649C			628
		Total Other Programs				796,493
		Total Federal Expenditures				$ 1,323,552

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Independent School District No. 2135, Mapleton, Minnesota, (the District) for the year ended June 30, 2023. The District's reporting entity is defined in Note 1A to the District's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended June 30, 2023, the District did not elect to use the 10% de minimis indirect cost rate.

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Independent School District No. 2135
Mapleton, Minnesota
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) of the Uniform Guidance.	No

Identification of Clusters/Major Programs	**CFDA No.**
Education Stabilization Fund	
Elemenatry and Secondary School Education Relief (ESSER) III	84.425UC
Expanded Summer Learning - ESSER	84.425DC
Coronavirus State and Local Fiscal Recovery Funds	
Enrollment Loss	21.027
Summer Academic Enrichment and Mental Health	21.027
Summer Preschool Program	21.027

Dollar threshold used to distinguish between Type A and Type B Programs	$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

A material weakness relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* . Finding 2023-002 is reported as a material weakness.

Significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* . Finding 2023-001 is reported as a significant deficiency.

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Section IV - Schedule of Prior Year Audit Findings

There were prior year audit findings that are attached.

Other Issues

Corrective Action Plans are attached as required to be reported under the Federal Single Audit Act.

Finding	Description
2023-001	**Financial Report Preparation**
Condition:	We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
Criteria:	Internal controls should be in place to provide reasonable assurance over financial reporting.
Cause:	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations your size.
Effect:	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
Recommendation:	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. We have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the District is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the District should agree its financial software to the numbers reported in the financial statements.
Management Response:	There is no disagreement with the audit finding.

Finding	Description
2023-002	**Material Audit Adjustments**
Condition:	During our audit, an adjustment was required to adjust accounts payable related to capital asset activity.
Criteria:	The financial statements are the responsibility of the District's management.
Cause:	The District does not have an internal control system designed to identify all necessary adjustments.
Effect:	It is likely that if a misstatement were to occur, it would not be detected by the District's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
Recommendation:	With large ongoing projects, we suggest a review of year-end vendor payments paying special attention to when work was completed.
Management Response:	There is no disagreement with the audit finding.

MAPLE RIVER
INDEPENDENT SCHOOL DISTRICT 2135

Phone
507-524-3918

Address
PO BOX 515
801 Central AVE S
Mapleton, MN 56065

Website
isd2135.k12.mn.us

2023-001 Financial Report Preparation

Corrective Action Plan (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District will continue to have the auditor prepare the financial statements; however, the District will establish an internal control policy to document the annual review of the financial statements, disclosures and schedules. The District is aware of the deficiency and is relying on oversight of management and Board to monitor the deficiency.

Official Responsible for Ensuring CAP:

Dan Anderson, Superintendent, is the official responsible for ensuring corrective action.

Planned Completion Date for CAP:

Continuous.

Plan to Monitor Completion of CAP:

The Board of Education will be monitoring this corrective action plan.

Dan Anderson
Superintendent

MAPLE RIVER
INDEPENDENT SCHOOL DISTRICT 2135

Phone
507-524-3918

Address
PO BOX 515
801 Central AVE S
Mapleton, MN 56065

Website
isd2135.k12.mn.us

2023-002 Material Audit Adjustments

Corrective Action Plan (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The District continues training dealing with UFARS financial/accounting practices.

Official Responsible for Ensuring CAP:

Dan Anderson, Superintendent, is the official responsible for ensuring corrective action.

Planned Completion Date for CAP:

The planned completion date is June 30, 2024.

Plan to Monitor Completion of CAP:

The Board of Education will be monitoring this corrective action plan.

Dan Anderson
Superintendent

Finding	Description
2022-001	**Financial Report Preparation**
Condition:	We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
Criteria:	Internal controls should be in place to provide reasonable assurance over financial reporting.
Cause:	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.
Effect:	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
Recommendation:	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. We have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the District is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the District should agree its financial software to the numbers reported in the financial statements.
Management Response:	There is no disagreement with the audit finding.

Updated Progress from Prior Year:

No updates in current year.

Finding	Description
2023-002	**Material Audit Adjustments**
Condition:	During our audit, adjustment were needed to adjust capital activity.
Criteria:	The financial statements are the responsibility of the District's management.
Cause:	The District does not have an internal control system designed to identify all necessary adjustments.
Effect:	It is likely that if a misstatement were to occur, it would not be detected by the District's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
Recommendation:	A thorough review and reconciliation of accounts in each fund should take place prior to the beginning of the audit. This review should be done at both the accounting staff and accounting supervisor levels.
Management Response:	There is no disagreement with the audit finding.

Updated Progress from Prior Year:

No updates in current year.

Form of Continuing Disclosure

FORM OF CONTINUING DISCLOSURE

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the District hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The District is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the District fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The District will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the District, the following information at the following times:

(1) on or before twelve (12) months after the end of each fiscal year of the District, commencing with the fiscal year ending June 30, 2024, the following financial information and operating data in respect of the District (the Disclosure Information):

(A) the audited financial statements of the District for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the District, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the District; and

(B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: "FINANCIAL INFORMATION" and "SUMMARY OF DEBT AND DEBT STATISTICS," which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the District shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the District shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The District shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the District have materially changed or been discontinued, such Disclosure Information need no longer be provided if the District includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other District operations in respect of which data is not included in the Disclosure Information and the District determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the District shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(2) In a timely manner, not in excess of 10 business days, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a "Material Fact," as hereinafter defined):

(A) principal and interest payment delinquencies;
(B) non-payment related defaults, if material;
(C) unscheduled draws on debt service reserves reflecting financial difficulties;
(D) unscheduled draws on credit enhancements reflecting financial difficulties;
(E) substitution of credit or liquidity providers, or their failure to perform;
(F) 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 Bonds or other material events affecting the tax status of the Bonds;
(G) modifications to rights of Bond holders, if material;

(H) Bond calls, if material and tender offers;
(I) defeasances;
(J) release, substitution, or sale of property securing repayment of the Bonds if material;
(K) rating changes;
(L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
(M) 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;
(N) appointment of a successor or additional trustee or the change of name of a trustee, if material;
(O) 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; "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 debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule; and
(P) 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.

As used herein, for those events that must be reported if material, a "Material Fact" is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material Fact is also a fact that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

For purposes of the events identified in paragraphs (O) and (P) above, the term "financial obligation" means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). 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.

(3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:

(A) the failure of the District to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
(B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the District under subsection (d)(2);
(C) the termination of the obligations of the District under this section pursuant to subsection (d);
(D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
(E) any change in the fiscal year of the District.

(c) Manner of Disclosure.

(1) The District agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).

(2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

(1) The covenants of the District in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the District under this section shall terminate and be without further effect as of any date on which the District delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the District to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

(2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the District from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the District accompanied by an opinion of Bond Counsel, who may rely on certificates of the District and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the District or the type of operations conducted by the District, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the District agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

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 each series of the Bonds, in the aggregate principal amount of such maturity and series 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. 2135
(MAPLE RIVER)
BLUE EARTH, FARIBAULT AND WASECA COUNTIES, MINNESOTA

$4,000,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2024A

DATE AND TIME:	May 13, 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. 2135
(MAPLE RIVER)
BLUE EARTH, FARIBAULT AND WASECA COUNTIES, MINNESOTA
$4,000,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2024A

NOTICE IS HEREBY GIVEN that the School Board (the "Board") of Independent School District No. 2135 (Maple River), Blue Earth, Faribault and Waseca 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 $4,000,000* General Obligation School Building 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 May 13, 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 a special election held on February 11, 2020, at which voters of the District approved a building program. Proceeds of the Bonds will be used to provide funds for (i) the acquisition and betterment of school sites and facilities, 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, Dorsey & Whitney LLP ("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 Friday, May 10, 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 February 1, 2025), produces an amount on the closing date of the Bonds (expected to be June 4, 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 June 4, 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 May 13, 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 Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

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

See "TAX CONSIDERATIONS" 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 June 4, 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: Sherry Haugen, Business Manager, 801 Central Avenue South, Mapleton, Minnesota 56065, Telephone: (507) 524-3918, 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. 2135 (Maple River), Blue Earth, Faribault and Waseca Counties, Minnesota, dated this 2nd day of May 2024.

/s/ Sherry Haugen
Business Manager
Independent School District No. 2135
(Maple River)
Blue Earth, Faribault and Waseca Counties,
Minnesota

OFFICIAL BID FORM

School Board
Independent School District No. 2135
(Maple River)
Blue Earth, Faribault and Waseca Counties, Minnesota

May 13, 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 School Building Bonds, Series 2024A (the "Bonds"), as described below:

Par amount of Bonds:	$4,000,000*
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	60,000	_________	_________
2027	65,000	_________	_________
2028	155,000	_________	_________
2029	160,000	_________	_________
2030	170,000	_________	_________
2031	180,000	_________	_________
2032	190,000	_________	_________
2033	200,000	_________	_________
2034	205,000	_________	_________
2035	220,000	_________	_________
2036	225,000	_________	_________
2037	235,000	_________	_________
2038	245,000	_________	_________
2039	255,000	_________	_________
2040	265,000	_________	_________
2041	275,000	_________	_________
2042	285,000	_________	_________
2043	300,000	_________	_________
2044	310,000	_________	_________

*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 Dorsey & Whitney LLP, 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 13th day of May 2024, by the School Board of Independent School District No. 2135 (Maple River), Blue Earth, Faribault and Waseca 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. 2135 (Maple River) Blue Earth, Faribault and Waseca Counties, Minnesota	Business Manager Independent School District No. 2135 (Maple River) Blue Earth, Faribault and Waseca Counties, Minnesota