PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 12, 2023

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

The District will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

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

INDEPENDENT SCHOOL DISTRICT NO. 115
(CASS LAKE-BENA PUBLIC SCHOOLS), MINNESOTA
(Cass, Beltrami and Hubbard Counties)

(Minnesota School District Credit Enhancement Program)
$39,750,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2023A

PROPOSAL OPENING: January 25, 2023, 10:00 A.M., C.T. **CONSIDERATION**: January 25, 2023, 5:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $39,750,000* General Obligation School Building Bonds, Series 2023A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 8, 2022, by Independent School District No. 115 (Cass Lake-Bena Public Schools), Minnesota (the "District") for the purpose of financing the acquisition and betterment of school sites and facilities in the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: February 16, 2023

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2025	$180,000	2032	$1,685,000	2039	$3,090,000
2026	225,000	2033	1,755,000	2040	3,230,000
2027	320,000	2034	2,505,000	2041	3,380,000
2028	365,000	2035	2,625,000	2042	3,530,000
2029	1,500,000	2036	2,730,000	2043	3,685,000
2030	1,530,000	2037	2,845,000		
2031	1,605,000	2038	2,965,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2023 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2032 and thereafter are subject to call for prior optional redemption on February 1, 2031 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: $39,750,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $795,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Kennedy & Graven, Chartered

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

TABLE OF CONTENTS

INTRODUCTORY STATEMENT 1

THE BONDS 1
- GENERAL 1
- OPTIONAL REDEMPTION 2
- AUTHORITY; PURPOSE 2
- ESTIMATED SOURCES AND USES 2
- SECURITY 2
- RATING 3
- STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS 3
- CONTINUING DISCLOSURE 4
- LEGAL OPINION 5
- TAX EXEMPTION 5
- NON-QUALIFIED TAX-EXEMPT OBLIGATIONS 6
- MUNICIPAL ADVISOR 7
- MUNICIPAL ADVISOR AFFILIATED COMPANIES 7
- INDEPENDENT AUDITORS 7
- RISK FACTORS 7

VALUATIONS 10
- OVERVIEW 10
- CURRENT PROPERTY VALUATIONS 11
- 2021/22 NET TAX CAPACITY BY CLASSIFICATION . . 12
- TREND OF VALUATIONS 12
- LARGER TAXPAYERS 13

DEBT 14
- DIRECT DEBT 14
- STATE AID FOR DEBT SERVICE 14
- SCHEDULE OF BONDED INDEBTEDNESS 15
- BONDED DEBT LIMIT 16
- OVERLAPPING DEBT 16
- DEBT PAYMENT HISTORY 17
- DEBT RATIOS 17
- FUTURE FINANCING 17
- LEVY LIMITS 17

TAX RATES, LEVIES AND COLLECTIONS 18
- TAX LEVIES AND COLLECTIONS 18
- TAX CAPACITY RATES 19

THE ISSUER 20
- EMPLOYEES 20
- PENSIONS; UNIONS 20
- POST EMPLOYMENT BENEFITS 20
- STUDENT BODY 21
- SCHOOL BUILDINGS 21
- FUNDS ON HAND 21
- LITIGATION 22
- MUNICIPAL BANKRUPTCY 22
- SUMMARY GENERAL FUND INFORMATION 23

GENERAL INFORMATION 24
- LOCATION 24
- LARGER EMPLOYERS 24
- U.S. CENSUS DATA 25
- EMPLOYMENT/UNEMPLOYMENT DATA 25

FINANCIAL STATEMENTS A-1

FORM OF LEGAL OPINION B-1

BOOK-ENTRY-ONLY SYSTEM C-1

FORM OF CONTINUING DISCLOSURE CERTIFICATE . . . D-1

TERMS OF PROPOSAL E-1

CASS LAKE-BENA PUBLIC SCHOOLS
SCHOOL BOARD

		Term Expires
Millie Baird	Board Chair	January 2025
Jolyn Donnell	Vice Chair	January 2027
Jennie Reyes	Clerk	January 2025
Jamie Mitchell	Treasurer	January 2025
Lenny Fineday	Member	January 2027
Terri Finn-Goggleye	Member	January 2027
Dave Yates	Member	January 2025

ADMINISTRATION

Sue Chase, Superintendent of Schools

PROFESSIONAL SERVICES

School Management Services, Outsourced Business Manager, Byron, Minnesota

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

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 115 (Cass Lake-Bena Public Schools), Minnesota (the "District") and the issuance of its $39,750,000* General Obligation School Building Bonds, Series 2023A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on January 25, 2023.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of February 16, 2023. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The District has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the District. If only part of the Bonds having a common maturity date are called for redemption, then the District or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 8, 2022, by the District, at which voters approved a building program by a vote of 631 - 599. Proceeds of the Bonds will be used to provide funds for the acquisition and betterment of school sites and facilities, including the construction and equipping of a new elementary school; and the construction of improvements to repurpose and remodel the existing elementary school facility for use as an early childhood and preschool site, alternative learning center, and district service center.

ESTIMATED SOURCES AND USES*

Sources			
	Par Amount of Bonds	$39,750,000	
	Reoffering Premium	491,695	
	Total Sources		**$40,241,695**
Uses			
	Total Underwriter's Discount (1.000%)	$397,500	
	Costs of Issuance	161,120	
	Deposit to Project Construction Fund	39,683,075	
	Total Uses		**$40,241,695**

*Preliminary, subject to change.

SECURITY

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

RATING

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

The District currently has an "A2" underlying rating from Moody's and will be requesting an underlying rating on this issue. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on December 28, 2022 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

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

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

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

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

In its Official Statement dated September 9, 2021, for General Obligation State Bonds, Series 2021A and 2021B, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts.

> "As of June 30, 2021, 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 $16,995,000,000. 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, 2021 is currently estimated at $2,500,000,000, with the maximum amount of principal and interest payable in any one month being $975,700,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.
>
> The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

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

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

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

Prior continuing disclosure undertakings entered into by the District included language stating that an Annual Report including the District's audited financial statements and operating data would be filed "as soon as available." Although the District did not provide financial statements "as soon as available", the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Other than what is described in this paragraph, the District believes it has complied in all material respects with its prior disclosure undertakings under the Rule in the last five years. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

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

TAX EXEMPTION

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

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

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

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

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

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

Legislative proposals

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

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, which permits financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2022 have been audited by Brady, Martz & Associates, P.C., Grand Forks, North Dakota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

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

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

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

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

Ratings; Interest Rates: In the future, the District's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

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

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

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

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

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

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

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

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the District and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the District, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional $130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

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

VALUATIONS

OVERVIEW

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

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

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

Type of Property	2019/20	2020/21	2021/22
Residential homestead[1]	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%
Agricultural homestead[1]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,880,000 - 0.50% [2] Over $1,880,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,900,000 - 0.50% [2] Over $1,900,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $1,890,000 - 0.50% [2] Over $1,890,000 - 1.00% [2]
Agricultural non-homestead	Land - 1.00% [2]	Land - 1.00% [2]	Land - 1.00% [2]
Seasonal recreational residential	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]
Residential non-homestead:	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City[4] - 1.25% Affordable Rental: First $150,000 - .75% Over $150,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $162,000 - .75% Over $162,000 - .25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: First $174,000 - .75% Over $174,000 - .25%
Industrial/Commercial/Utility[5]	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%	First $100,000 - 1.50% Over $150,000 - 2.00%

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

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

3 Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2021/22 Economic Market Value $757,194,561[1]

2021/22 Assessor's Estimated Market Value

	Cass County	Beltrami County	Hubbard County	Total
Real Estate	$349,993,600	$19,157,300	$99,996,400	$469,147,300
Personal Property	161,352,900	0	25,784,700	187,137,600
Total Valuation	$511,346,500	$19,157,300	$125,781,100	$656,284,900

2021/22 Net Tax Capacity

	Cass County	Beltrami County	Hubbard County	Total
Real Estate	$4,047,004	$186,823	$971,246	$5,205,073
Personal Property	3,092,438	0	515,536	3,607,974
Net Tax Capacity	$7,139,442	$186,823	$1,486,782	$8,813,047
Less: Captured Tax Increment Tax Capacity[2]	(3,299)	0	0	(3,299)
Power Line Adjustment[3]	(11,793)	0	(6,839)	(18,632)
Taxable Net Tax Capacity	$7,124,350	$186,823	$1,479,943	$8,791,116

1 According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 90.36% of the actual selling prices of property most recently sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the District of $757,194,561.

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

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

2021/22 NET TAX CAPACITY BY CLASSIFICATION

	2021/22 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$1,041,777	11.82%
Agricultural	433,899	4.92%
Commercial/industrial	294,004	3.34%
Public utility	1,076,366	12.21%
Railroad operating property	270,311	3.07%
Non-homestead residential	278,481	3.16%
Commercial & residential seasonal/rec.	1,810,235	20.54%
Personal property	3,607,974	40.94%
Total	$8,813,047	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2017/18	$621,372,300	$604,159,506	$8,790,870	$8,768,140	1.85%
2018/19	625,840,200	608,402,725	8,763,447	8,741,407	0.72%
2019/20	628,210,300	610,391,853	8,514,679	8,494,919	0.38%
2020/21	647,812,400	629,024,553	8,802,409	8,782,094	3.12%
2021/22	656,284,900	637,944,224	8,813,047	8,791,116	1.31%

[1] Net Tax Capacity includes tax increment and power line values.

[2] Taxable Net Tax Capacity does not include tax increment or power line values.

LARGER TAXPAYERS

Taxpayer	Type of Property	2021/22 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Enbridge Energy/Pipelines	Utility	$3,820,774	43.35%
Great Lakes Gas	Utility	369,052	4.19%
Burlington Northern Railroad	Railroad	207,084	2.35%
Otter Tail Power Company	Utility	138,138	1.57%
Minnkota Power Coop, Inc.	Utility	90,721	1.03%
DPAX Holdings, LLC	Commercial	50,235	0.57%
Paul Bunyan Natural Gas LLC	Utility	39,550	0.45%
Leech Lake Band of Chippewa Indians	Various	38,235	0.43%
Potlatch Land & Lumber LLC	Industrial	27,752	0.31%
Soo Line Railroad	Railroad	25,650	0.29%
Total		$4,807,191	54.55%

District's Total 2021/22 Net Tax Capacity $8,813,047

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids[2] (includes the Bonds)*	$50,680,000

*Preliminary, subject to change.

STATE AID FOR DEBT SERVICE

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

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

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

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minn. Stat. Section 273.1387). The reimbursement percentage is 70% for taxes payable in 2023, and thereafter. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, and to rural vacant land and managed forest land. The amount of agricultural credit received in the debt service fund for taxes payable 2023 is approximately 2.98% of total annual debt service levies, based on the District's 2021/22 qualifying agricultural land valuation. Although the District expects to receive a small amount of Agricultural Credit in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aid.

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

2 Based upon the LTFMR formula, the agricultural land valuation and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

Independent School District No. 115 (Cass Lake-Bena), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 02/16/2023)

	Facilities Maintenance Bonds Series 2017A		School Building Refunding Bonds Series 2019A		School Building Bonds Series 2023A							
Dated Amount	03/23/2017 $4,430,000		12/04/2019 $10,980,000		02/16/2023 $39,750,000*							
Maturity	02/01		02/01		02/01							
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Fiscal Year Ending**
2024	160,000	111,150	1,310,000	361,250	0	1,680,126	1,470,000	2,152,526	3,622,526	49,210,000	2.90%	**2024**
2025	165,000	106,350	1,380,000	295,750	180,000	1,753,175	1,725,000	2,155,275	3,880,275	47,485,000	6.30%	**2025**
2026	165,000	101,400	1,445,000	226,750	225,000	1,744,175	1,835,000	2,072,325	3,907,325	45,650,000	9.93%	**2026**
2027	175,000	96,450	1,515,000	154,500	320,000	1,732,925	2,010,000	1,983,875	3,993,875	43,640,000	13.89%	**2027**
2028	180,000	91,200	1,575,000	78,750	365,000	1,716,925	2,120,000	1,886,875	4,006,875	41,520,000	18.07%	**2028**
2029	565,000	85,800			1,500,000	1,698,675	2,065,000	1,784,475	3,849,475	39,455,000	22.15%	**2029**
2030	600,000	68,850			1,530,000	1,623,675	2,130,000	1,692,525	3,822,525	37,325,000	26.35%	**2030**
2031	615,000	50,850			1,605,000	1,547,175	2,220,000	1,598,025	3,818,025	35,105,000	30.73%	**2031**
2032	635,000	32,400			1,685,000	1,466,925	2,320,000	1,499,325	3,819,325	32,785,000	35.31%	**2032**
2033	445,000	13,350			1,755,000	1,399,525	2,200,000	1,412,875	3,612,875	30,585,000	39.65%	**2033**
2034					2,505,000	1,329,325	2,505,000	1,329,325	3,834,325	28,080,000	44.59%	**2034**
2035					2,625,000	1,229,125	2,625,000	1,229,125	3,854,125	25,455,000	49.77%	**2035**
2036					2,730,000	1,124,125	2,730,000	1,124,125	3,854,125	22,725,000	55.16%	**2036**
2037					2,845,000	1,008,100	2,845,000	1,008,100	3,853,100	19,880,000	60.77%	**2037**
2038					2,965,000	887,188	2,965,000	887,188	3,852,188	16,915,000	66.62%	**2038**
2039					3,090,000	761,175	3,090,000	761,175	3,851,175	13,825,000	72.72%	**2039**
2040					3,230,000	622,125	3,230,000	622,125	3,852,125	10,595,000	79.09%	**2040**
2041					3,380,000	476,775	3,380,000	476,775	3,856,775	7,215,000	85.76%	**2041**
2042					3,530,000	324,675	3,530,000	324,675	3,854,675	3,685,000	92.73%	**2042**
2043					3,685,000	165,825	3,685,000	165,825	3,850,825	0	100.00%	**2043**
	3,705,000	757,800	7,225,000	1,117,000	39,750,000	24,291,739	50,680,000	26,166,539	76,846,539			

* Preliminary, subject to change.

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of the estimated market value of all taxable property situated within its corporate limits. The estimated market value of property within a district, on which its debt limit is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value. The current debt limit of the District is computed as follows:

2021/22 Economic Market Value	$757,194,561
Multiply by 15%	0.15
Statutory Debt Limit	$113,579,184
Less:Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	(50,680,000)
Unused Debt Limit*	$62,899,184

*Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2021/22 Taxable Net Tax Capacity	% In District	Total G.O. Debt[2]	District's Proportionate Share
Counties of:				
Beltrami	$43,487,551	0.4296%	$1,320,000	$5,671
Hubbard	41,008,996	3.6088%	2,730,000	98,520
City of:				
Cass Lake	325,568	100.0000%	1,407,000	1,407,000
Town of:				
Ten Lake	1,462,298	12.7760%	117,034	14,952
Special District of:				
Bemidji Regional Airport	43,487,551	0.4296%	765,000	3,286
District's Share of Total Overlapping Debt				$1,529,430

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1 Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does ***not*** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

2 Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

DEBT PAYMENT HISTORY

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

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value $757,194,561	Debt/ Per Capita 4,684[1]
Direct G.O. Debt Being Paid From Taxes and State Aids*	$50,680,000	6.69%	$10,819.81
District's Share of Total Overlapping Debt	$1,529,430	0.20%	$326.52
Total*	$52,209,430	6.90%	$11,146.33

*Preliminary, subject to change.

FUTURE FINANCING

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

LEVY LIMITS

Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and districts are required to levy 105% of actual principal and interest requirements to allow for delinquencies.

School districts receive a basic revenue amount per pupil unit from aid and levy proceeds in a variety of categorical state aids. They are also allowed to certify additional levies within limits for certain specified purposes. The State Department of Education and the applicable County Auditors review the levies of each school district to determine compliance with state levy limits.

1 Estimated 2021 population.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date	% Collected
2017/18	$3,304,360	$3,260,128	$3,301,227	99.91%
2018/19	3,260,885	3,216,875	3,255,818	99.84%
2019/20	3,420,051	3,383,896	3,413,861	99.82%
2020/21	3,350,603	3,310,327	3,323,440	99.19%
2021/22	3,252,918	In process of collection		

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

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Minnesota has not taken such measures. The District cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the District's finances and payment of debt obligations, including the Bonds.

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

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

TAX CAPACITY RATES[1]

	2017/18	2018/19	2019/20	2020/21	2021/22
I.S.D. No. 115 (Cass Lake-Bena)	28.356%	27.281%	29.843%	26.904%	27.317%
Beltrami County	60.838%	62.588%	62.654%	62.212%	61.304%
Cass County	31.869%	30.957%	30.522%	29.857%	29.034%
Hubbard County	41.793%	41.625%	40.962%	39.762%	39.182%
City of Bena	22.702%	22.705%	22.640%	24.966%	29.315%
City of Cass Lake	105.059%	107.709%	108.147%	105.178%	103.576%
City of Farden	20.316%	21.999%	24.327%	24.104%	23.179%
City of Hart Lake	14.598%	13.832%	12.781%	12.331%	11.442%
Town of Pike Bay[2]	11.053%	11.467%	8.695%	6.983%	7.172%
Bemidji Regional Airport	1.429%	1.521%	1.372%	1.091%	0.690%
HRDC	0.321%	0.329%	0.325%	0.317%	0.312%
HDWS Regional Dev. Commission	0.342%	0.321%	0.320%	0.325%	0.312%
Hubbard County HRA	0.496%	0.471%	0.450%	0.308%	0.293%
Region V Commission	0.134%	0.133%	0.130%	0.128%	0.123%
Referendum Market Value Rates:					
I.S.D. No. 115 (Cass Lake-Bena)	0.20266%	0.22059%	0.22637%	0.23947%	0.20971%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Cass, Beltrami and Hubbard Counties.

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

2 Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 252, including 115 non-licensed employees and 129 licensed employees (120 of whom are teachers). The District provides education for 1,133 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

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

Public Employees' Retirement Association (PERA)

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

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
MSEA	June 30, 2023
CLEA	June 30, 2023
Principals	June 30, 2024

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent actuarial study shows a total OPEB liability of $1,286,934 as of July 1, 2021. The District has been funding these obligations on a pay-as-you-go basis.

Source: The District's most recent actuarial study.

STUDENT BODY

The number of students enrolled for the past four years and for the current year have been as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2018/19	102	555	477	1,134
2019/20	102	523	492	1,117
2020/21	71	502	503	1,076
2021/22	81	495	494	1,070
2022/23	75	508	550	1,133

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2023/24	80	510	540	1,130
2024/25	85	515	535	1,135
2025/26	90	515	535	1,140

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Cass Lake Elementary School	1954	1993
Cass Lake Middle School	2002	--
Cass Lake High School	1994	--
District Resource Center	1954	1982, 1996

FUNDS ON HAND (as of November 30, 2022)

Fund	Total Cash and Investments
General	$10,852,140
Food Service	1,040,690
Community Service	521,414
Debt Service	258,204
Building/Construction	164,275
Total Funds on Hand	$12,836,722

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the 2022 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				
	2019 Audited	2020 Audited	2021 Audited	2022 Audited[1]	2022-23 Adopted Budget[2]
Revenues					
Local property taxes	$1,257,459	$1,322,045	$1,315,274	$1,420,450	$1,476,554
Other local and county revenues	466,340	441,994	250,413	338,119	277,724
Revenue from state sources	15,326,064	15,866,129	15,110,740	14,003,011	16,259,605
Revenue from federal sources	7,515,189	6,468,584	6,635,251	8,643,176	4,785,000
Sales and other conversion of assets	2,626	48,741	47,161	2,241	35,550
Tuition, fees and admissions	0	0	0	0	0
Total Revenues	$24,567,678	$24,147,493	$23,358,839	$24,406,997	$22,834,433
Expenditures					
Current:					
Administration	$1,728,230	$1,607,548	$1,646,240	$1,827,183	$1,755,113
District support services	810,221	1,008,000	887,245	961,705	1,078,399
Elementary and secondary regular instruction	10,363,310	10,744,656	10,176,652	11,651,582	10,500,000
Vocational education instruction	286,581	177,591	293,131	292,837	300,074
Special education instruction	3,566,309	3,526,241	3,488,435	3,663,520	3,736,790
Instructional support services	913,487	801,447	807,703	1,008,244	950,000
Pupil support services	1,821,670	1,996,284	1,604,994	1,575,696	1,800,000
Sites and buildings	2,268,286	2,235,184	2,183,453	2,567,596	2,038,582
Fiscal and other fixed cost programs	98,194	138,677	109,853	287,002	100,000
Capital outlay	3,499,733	1,733,317	885,450	3,104,799	1,000,000
Debt service	0	0	0	57,048	0
Total Expenditures	$25,356,021	$23,968,945	$22,083,156	$26,997,212	$23,258,958
Excess of revenues over (under) expenditures	($788,343)	$178,548	$1,275,683	($2,590,215)	($424,525)
Other Financing Sources (Uses)					
Proceeds from capital leases	$0	$0	$0	$279,093	$0
Insurance recovery proceeds	41,991	0	0	0	0
Operating transfers in	0	0	0	0	0
Operating transfers out	0	0	0	(123,448)	0
Total Other Financing Sources (Uses)	41,991	0	0	155,645	0
Net changes in Fund Balances	($746,352)	$178,548	$1,275,683	($2,434,570)	($424,525)
General Fund Balance July 1	$10,223,436	$9,477,084	$9,752,950	$11,028,633	
Prior Period Adjustment	0	97,318	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance June 30	$9,477,084	$9,752,950	$11,028,633	$8,594,063	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	$93,208	$0	$0	$0	
Restricted	50,908	265,139	385,210	420,192	
Committed	0	273,896	0	0	
Assigned	1,417,289	0	150,769	153,229	
Unassigned	7,915,679	9,213,915	10,492,654	8,020,642	
Total	$9,477,084	$9,752,950	$11,028,633	$8,594,063	

1 In Fiscal year 2022, the district incurred several one-time costs mostly associated with one-time staff retention pay and increased substitute teacher costs. The district settled on increased wages to certified and non-certified staff. The near structural balance in fiscal year 2022-23 accounts for the increased wages coupled in part with savings from unfilled positions and increased revenue associated with higher enrollment.

2 The 2022-23 budget was adopted on June 23, 2022.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 4,602 and a 2021 population estimate of 4,684, and comprising an area of 191,335 acres, is located approximately 200 miles northwest of the Minneapolis-St. Paul metropolitan area.

LARGER EMPLOYERS[1]

Larger employers in the District include the following:

Firm	**Type of Business/Product**	**Estimated No. of Employees**
Leech Lake Gaming Division/Palace Casino & Hotel	Casino, hotel and restaurant	1,000
I.S.D. No. 115 (Cass Lake-Bena Public Schools)	Elementary and secondary education	244
Bug-O-Nay-Ge Shig School	Bureau of Indian Affairs school	175
Cass Lake Hospital	Native American health service hospital	160
Leech Lake Band of Ojibwe Housing Authority	Government offices	150
Leech Lake Early Childhood Development	Child care services and programs	100
Leech Lake Market	Grocery store	80
Minnesota Chippewa Tribe - Administration	Government offices	50
Ojibwe Fisheries	Fisheries	42
Canal House Restaurant	Full Service Restaurant	25

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

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

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	4,376
2020 U.S. Census population	4,602
Percent of Change 2010 - 2020	5.16%
2021 State Demographer Estimate	4,684

Income and Age Statistics

	The District	Cass County	State of Minnesota	United States
2021 per capita income	$22,728	$30,979	$41,204	$37,638
2021 median household income	$55,521	$53,845	$77,706	$69,021
2021 median family income	$46,176	$63,264	$98,356	$85,028
2021 median gross rent	$1,033	$823	$1,081	$1,163
2021 median value owner occupied units	$124,900	$200,700	$250,200	$244,900
2021 median age	30.9 yrs.	48.9 yrs.	38.2 yrs.	38.4 yrs.

	State of Minnesota	United States
District % of 2021 per capita income	55.16%	60.39%
District % of 2021 median family income	46.95%	54.31%

Source: 2010 and 2020 Census of Population and Housing, and 2021 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (https://data.census.gov/cedsci).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	**Cass County**	**Cass County**	**State of Minnesota**
2018	13,579	5.5%	3.1%
2019	13,735	5.9%	3.4%
2020	13,194	9.3%	6.3%
2021	14,909	4.4%	3.4%
2022, November	15,505	3.2%	2.0%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

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

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

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	Page
OFFICIAL DIRECTORY	**1**
INDEPENDENT AUDITOR'S REPORT	**2**
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	6
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	13
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to the Basic Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule for the General Fund	49
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	50
Schedule of District's Contributions to PERA/TRA Retirement Funds	51
Schedule of District's and Non-Employer Proportionate Share of the Net Pension Liability	52
Notes to the Required Supplementary Information	53
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	59
Schedule of Changes in Fund Balances	60
INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE	**61**
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*	**62**
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	**64**
Schedule Expenditures of Federal Awards	67
Notes to the Schedule of Expenditures of Federal Awards	68
Schedule of Findings and Questioned Costs	69
Schedule of Prior Year Findings	73
Corrective Action Plan	75
Uniform Financial Accounting and Reporting Standards Compliance Table	76

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
OFFICIAL DIRECTORY
JUNE 30, 2022

Millie Baird	Chairman
Dave Yates	Vice-Chairman
Jennie Reyes	Clerk
Jamie Mitchell	Treasurer
Jolyn Donnell	Director
Terri Vail	Director
Lenny Fineday	Director
Rochelle Johnson (through June 30, 2022)	Superintendent
Sue Chase (effective July 1, 2022)	Superintendent
Christina Abrahamson	Contracted Business Manager

BradyMartz

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Independent School District No. 115
Cass Lake-Bena, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 115 (the "District") as of and for the year ended June 30, 2022, 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of District's contributions to PERA/TRA retirement funds, and schedule of District's and non-employer proportionate share of the net pension liability as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements, schedule of changes in fund balances, and compliance table as listed in the table of contents as supplementary information and schedule of expenditures of federal awards, 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,* are presented for purposes of additional analysis and are 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 statements, schedule of changes in fund balances, compliance table, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 9, 2022

This section of Independent School District No. 115's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the 2021-2022 fiscal year includes the following:

- Net position revenues surpassed expenses by $1,249,278 in the current year.
- Overall, actual revenues in the Statement of Activities were $27,531,829 and expenses were $26,282,551.
- General fund revenues and other financing sources were less than expenditures and other financing uses by $2,434,570.

Overview of the Financial Statements

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

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

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

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

The District has one type of fund:

- Governmental funds: The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, reconciliations have been provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to help explain the relationship (or differences) between the governmental funds and governmental activities.

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

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was $2,932,891 on June 30, 2022 (see details in Table A-1). This was an increase of 74.2 percent from the prior year.

Table A-1
Statement of Net Position

	2022	2021	Total Percentage Change
Current and Other Assets	$ 16,571,883	$ 17,614,674	(5.9) %
Capital Assets	26,277,122	24,553,492	7.0
Lease Assets	223,274	-	100.0
Total Assets	43,072,279	42,168,166	2.1
Deferred Outflows of Resources	5,736,974	6,555,712	(12.5)
Long-Term Liabilities	22,968,762	30,022,930	(23.5)
Other Liabilities	5,751,015	4,119,699	39.6
Total Liabilities	28,719,777	34,142,629	(15.9)
Deferred Inflows of Resources	17,156,585	12,897,636	33.0
Net Position			
Net Investment in Capital Assets	12,603,493	9,299,700	35.5
Restricted	1,552,465	1,548,311	0.3
Unrestricted	(11,223,067)	(9,164,398)	22.5
Total Net Position	$ 2,932,891	$ 1,683,613	74.2 %

Change in Net Position

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

Table A-2
Change in Net Position

	2022	2021	% Change
Revenues			
Program Revenues			
Charges for Services	$ 27,424	$ 49,173	(44.2) %
Operating Grants and Contributions	12,532,458	6,082,703	106.0
Capital Grants and Contributions	194,892	156,242	24.7
General Revenues			
Property Taxes	3,227,890	3,434,160	(6.0)
Unrestricted State Aid	11,153,114	16,823,676	(33.7)
Other Sources	396,051	319,394	24.0
Total Revenues	27,531,829	26,865,348	2.5
Expenses			
Administration	1,687,609	2,164,709	(22.0)
District Support Services	1,057,254	896,798	17.9
Elementary and Secondary Regular Instruction	11,008,221	11,624,987	(5.3)
Vocational Education Instruction	294,191	294,485	(0.1)
Special Education Instruction	3,663,520	3,514,390	4.2
Community Education and Services	486,810	354,091	37.5
Instructional Support Services	1,051,018	850,365	23.6
Pupil Support Services	2,822,415	2,610,565	8.1
Sites and Buildings	3,152,976	2,619,947	20.3
Fixed Costs	287,002	109,853	161.3
Interest Expense	349,691	429,309	(18.5)
Depreciation - Unallocated	421,844	430,112	(1.9)
Total Expenses	26,282,551	25,899,611	1.5
Change in Net Position	1,249,278	965,737	(29.4) %
Net Position - Beginning	1,683,613	717,876	134.5
Net Position - Ending	$ 2,932,891	$ 1,683,613	74.2

The District's total revenues were $27,531,829 for the year ended June 30, 2022. Property taxes and unrestricted aid payments accounted for 52 percent of total revenue for the year.

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2022

The total cost of all programs and services was $26,282,551. The District's expenses are predominantly related to educating and caring for students.

Total revenues surpassed expenses, increasing net position $1,249,278 over last year. For the year ended June 30, 2022, the net effect of the District's deferred inflows and outflows of resources and net pension liability related to TRA and PERA increased net position by $637,682. For the year ended June 30, 2021, the net effect of the District's deferred inflows and outflows of resources and net pension liability related to TRA and PERA increased net position by $1,092,363. The net cost of governmental activities is their total costs less program revenues applicable to each category.

Table A-3 presents these net costs.

Table A-3
Net Cost of Governmental Activities

	Total Cost of Services		Total Percentage	Net Cost of Services		Total Percentage
	2022	2021	Change	2022	2021	Change
Expenses						
Administration	$ 1,687,609	$ 2,164,709	(22.0) %	$ 1,669,848	$ 2,160,928	(22.7) %
District Support Services	1,057,254	896,798	17.9	697,791	498,390	40.0
Elementary and Secondary						
Regular Instruction	11,008,221	11,624,987	(5.3)	2,739,701	9,801,802	(72.0)
Vocational Education Instruction	294,191	294,485	(0.1)	294,191	294,485	(0.1)
Special Education Instruction	3,663,520	3,514,390	4.2	1,309,972	1,186,454	10.4
Community Education and Services	486,810	354,091	37.5	210,866	99,075	112.8
Instructional Support Services	1,051,018	850,365	23.6	768,254	560,813	37.0
Pupil Support Services	2,822,415	2,610,565	8.1	1,820,533	1,616,501	12.6
Sites and Buildings	3,152,976	2,619,947	20.3	2,958,084	2,423,771	22.0
Fixed Costs	287,002	109,853	161.3	287,002	109,853	161.3
Interest Expense	349,691	429,309	(18.5)	349,691	429,309	(18.5)
Depreciation - Unallocated	421,844	430,112	(1.9)	421,844	430,112	(1.9)
	$26,282,551	$25,899,611	1.5 %	$13,527,777	$19,611,493	(31.0) %

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.

A summary of the fund balance is as follows:

Table A-4
Major Funds

	Fund Balance		Increase	Percentage Increase
	2022	2021	(Decrease)	(Decrease)
Governmental Funds				
General	$ 8,594,063	$11,028,633	$(2,434,570)	(22.1) %
Debt Service	400,461	424,572	(24,111)	(5.7)
Building Construction	162,162	161,127	1,035	0.6

General Fund

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

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

Table A-5
General Fund Revenue

	2022	2021	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	$ 1,420,450	$ 1,315,274	$ 105,176	8.0 %
Other	338,119	250,413	87,706	35.0
State Sources	14,003,011	15,110,740	(1,107,729)	(7.3)
Federal Sources	8,643,176	6,635,251	2,007,925	30.3
Other	2,241	47,161	(44,920)	(95.2)
Total General Fund Revenue	$ 24,406,997	$ 23,358,839	$ 1,048,158	4.5 %

Total general fund revenue increased by $1,048,158 or 4.5 percent from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referendum and the property tax shift, involve an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in revenue.

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

Table A-6
General Fund Expenditures

	2022	2021	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries	$ 13,103,454	$ 12,304,694	$ 798,760	6.5 %
Employee Benefits	3,984,808	3,816,164	168,644	4.4
Purchased Services	6,494,326	3,784,788	2,709,538	71.6
Supplies and Materials	60,235	1,121,426	(1,061,191)	(94.6)
Capital Expenditures	3,104,799	886,510	2,218,289	250.2
Debt Service	57,048	-	57,048	100.0
Other Expenditures	192,542	169,574	22,968	13.5
Total General Fund Expenditures	$ 26,997,212	$ 22,083,156	$ 4,914,056	22.3 %

Total general fund expenditures increased $4,914,056 or 22.3 percent from the previous year.

General Fund Budgetary Highlights

Over the course of the year, the District did not revise the annual operating budget.

Although the District's final budget for the general fund anticipated that expenditures would exceed revenues by $26,478, the actual results show expenditures exceeded revenues by $2,434,570.

- Revenues were $4,477,235 less than projections, largely due to less revenues from federal and state sources.

- The actual expenditures were $1,853,498 less than the budgeted figure.

Capital Assets and Debt Administration

Capital Assets

Note 4 to the financial statements presents an analysis of capital asset transactions that occurred during the year ended June 30, 2022. Major capital asset events during the year included purchase of various equipment, vehicles and an intercom system.

Major capital asset events during the year ended June 30, 2021 included the purchase of various equipment and two buses.

Long-Term Debt

At year-end, the District had $14,752,986 of long-term debt. This consisted of bonds payable of $12,345,000, lease liability of $224,097 compensated absences of $856,083, and unamortized premium of $1,327,806. Notes 7 and 8 to the financial statements present details and payment provisions of these items.

Factors Bearing on the District's Future

- Due to the financial condition of the State of Minnesota providing a flat funding formula for K-12 education, the District expects a financial strain with some increase in the basic funding formula but anticipated increased costs for operations.
- Costs of operations are expected to rise, namely increases in energy and transportation costs and with employee bargaining outcomes.
- The District has been experiencing a decrease in enrollment over the last several years. To offset the financial impact of these enrollment losses, the District has been and will continue to reduce expenses.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager at the District Office in the District Resource Center, 208 Central Avenue NW, Cass Lake, MN 56633.

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

GOVERNMENTAL ACTIVITIES	
ASSETS	
Cash and Investments	$ 13,032,829
Property Taxes Receivable	1,068,896
Accounts Receivable	47,119
Due From Department of Education	94,450
Due From Federal Govt. - DOE	2,286,854
Inventory	41,735
Non Depreciable Capital Assets:	
Land	465,902
Construction in Progress	2,201,891
Depreciable Capital Assets:	
Land Improvements	2,440,459
Buildings	35,818,907
Machinery and Equipment	6,965,817
Less Accumulated Depreciation	(21,615,854)
Total Capital Assets, Net of Depreciation	26,277,122
Lease Assets	279,093
Less Accumulated Amortization	(55,819)
Total Right to Use Assets, Net of Amortization	223,274
TOTAL ASSETS	43,072,279
DEFERRED OUTFLOWS OF RESOURCES	
Cost Sharing Defined Benefit Pension Plan - PERA	1,848,488
Cost Sharing Defined Benefit Pension Plan - TRA	3,621,651
Other Post-Employment Benefit	266,835
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,736,974
LIABILITIES	
Accounts Payable	726,292
Salaries Payable	1,066,946
Payroll Liabilities	1,072,506
Due To Other MN School Districts	371,669
Due To Other Governments	727,562
Unearned Revenue	90,740
Interest Payable	225,021
Long-Term Liabilities Due Within One Year	1,470,279
Long-Term Liabilities:	
Bonds, Net Unamortized Premiums	13,672,806
Lease Payable	224,097
Compensated Absences Payable	856,083
Total Other Post-Employment Liability	1,286,934
Net Pension Liability	8,399,121
Less Amounts Due Within One Year	(1,470,279)
Total Long-Term Liabilities	22,968,762
TOTAL LIABILITIES	28,719,777
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied - Subs. Years	3,300,240
Cost Sharing Defined Benefit Pension Plan - PERA	2,285,436
Cost Sharing Defined Benefit Pension Plan - TRA	11,549,305
Other Post-Employment Benefit	21,604
TOTAL DEFERRED INFLOWS OF RESOURCES	17,156,585

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
STATEMENT OF NET POSITION - CONTINUED
AS OF JUNE 30, 2022

NET POSITION	
Net Investment in Capital and Lease Assets	$ 12,603,493
Restricted for:	
Student Activities	90,917
Scholarship	36,500
Safe Schools	49,186
Area Learning Center	68,938
Medical Assistance	37,105
PILT	88,367
Food Service	41,735
Community Education	373,050
ECFE	140,220
School Readiness	213,713
Basic Skills	49,179
Debt Service	201,393
Capital Projects	162,162
Unrestricted	(11,223,067)
TOTAL NET POSITION	$ 2,932,891

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Administration	$ 1,687,609	$ -	$ 17,761	$ -	$ (1,669,848)
District Support Services	1,057,254	-	359,463	-	(697,791)
Elementary and Secondary					
Regular Instruction	11,008,221	16,770	8,251,750	-	(2,739,701)
Vocational Education Instruction	294,191	-	-	-	(294,191)
Special Education Instruction	3,663,520	-	2,353,548	-	(1,309,972)
Community Education and Services	486,810	-	275,944	-	(210,866)
Instructional Support Services	1,051,018	3,678	279,086	-	(768,254)
Pupil Support Services	2,822,415	6,976	994,906	-	(1,820,533)
Sites and Buildings	3,152,976	-	-	194,892	(2,958,084)
Fixed Costs	287,002	-	-	-	(287,002)
Interest Expense	349,691	-	-	-	(349,691)
Depreciation - Unallocated	421,844	-	-	-	(421,844)
TOTAL GOVERNMENTAL ACTIVITIES	$ 26,282,551	$ 27,424	$ 12,532,458	$ 194,892	(13,527,777)
	GENERAL REVENUES & EXPENSES				
	Taxes				
	Property Taxes, Levied for General Purposes				1,466,956
	Property Taxes, Levied for Debt Service				1,760,934
	Unrestricted State Aid				11,153,114
	Unrestricted Investment Earnings (Losses)				(66,429)
	Other General Revenue				462,480
	TOTAL GENERAL REVENUES				14,777,055
	Change in Net Position				1,249,278
	Net Position - Beginning				1,683,613
	Net Position - Ending				$ 2,932,891

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

	General Fund	Debt Service Fund	Building Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	$ 10,973,968	$ 1,691,752	$ 243,858	$ 123,251	$ 13,032,829
Current Property Taxes Receivable	434,659	572,726	-	17,130	1,024,515
Delinquent Property Taxes Receivable	17,765	25,953	-	663	44,381
Accounts Receivable	44,135	-	-	2,984	47,119
Due From Department of Education	58,766	15,588	-	20,096	94,450
Due From Federal Govt. - DOE	2,259,535	-	-	27,319	2,286,854
Inventory	-	-	-	41,735	41,735
TOTAL ASSETS	$ 13,788,828	$ 2,306,019	$ 243,858	$ 233,178	$ 16,571,883
LIABILITIES					
Accounts Payable	$ 627,506	$ -	$ 81,696	$ 17,091	$ 726,293
Salary Payable	1,014,338	-	-	52,608	1,066,946
Due To Other MN School Districts	371,669	-	-	-	371,669
Payroll Liabilities	1,022,830	-	-	49,676	1,072,506
Due To Other Governments	727,562	-	-	-	727,562
Unearned Revenue	39,723	7,418	-	43,599	90,740
TOTAL LIABILITIES	3,803,628	7,418	81,696	162,974	4,055,716
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Delinquent Taxes	17,765	25,953	-	663	44,381
Property Taxes Levied - Subs. Years	1,373,372	1,872,187	-	54,681	3,300,240
TOTAL DEFERRED INFLOWS OF RESOURCES	1,391,137	1,898,140	-	55,344	3,344,621
FUND BALANCES					
Nonspendable for:					
Inventory	-	-	-	41,735	41,735
Restricted for:					
Student Activities	90,917	-	-	-	90,917
Scholarship	36,500	-	-	-	36,500
Safe Schools	49,186	-	-	-	49,186
Medical Assistance	37,105	-	-	-	37,105
Area Learning Center	68,938	-	-	-	68,938
PILT	88,367	-	-	-	88,367
Basic Skills Program	49,179	-	-	-	49,179
Community Education	-	-	-	373,050	373,050
ECFE	-	-	-	140,220	140,220
School Readiness	-	-	-	213,713	213,713
Debt Service	-	400,461	-	-	400,461
Food Service	-	-	-	19,672	19,672
Building Construction	-	-	162,162	-	162,162
Assigned for:					
Facilities	153,229	-	-	-	153,229
Unassigned	8,020,642	-	-	(773,530)	7,247,112
TOTAL FUND BALANCES	8,594,063	400,461	162,162	14,860	9,171,546
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 13,788,828	$ 2,306,019	$ 243,858	$ 233,178	$ 16,571,883

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Total fund balances - governmental funds	$ 9,171,546
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	
Cost of capital assets	47,892,976
Less accumulated depreciation	(21,615,854)
Lease assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	
Cost of lease assets	279,093
Less accumulated amortization	(55,819)
Net deferred outflows/(inflows) of resources relating to the cost sharing defined benefit plans in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows (inflows) of resources in the governmental funds.	
Deferred Inflows of Resources	(13,834,741)
Deferred Outflows of Resources	5,470,139
Net deferred outflows of resources relating to OPEB in the governmental activities are not financial resources and, therefore, are not reported as deferred outflows of resources in the governmental funds.	
Deferred Inflows of Resources	(21,604)
Deferred Outflows of Resources	266,835
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Bonds	(12,345,000)
Lease liabilities	(224,097)
Compensated absences payable	(856,083)
Unamortized premiums	(1,327,806)
Total other postemployment benefit	(1,286,934)
Net pension liability	(8,399,121)
Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(225,021)
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.	44,382
Net position - governmental activities	$ 2,932,891

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Debt Service Fund	Building Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Local Property Tax Levies	$ 1,420,450	$ 1,760,934	$ -	$ 52,374	$ 3,233,758
Other Local and County Revenues	338,119	14,752	1,035	5,088	358,994
Revenue From State Sources	14,003,011	155,703	-	300,186	14,458,900
Revenue From Federal Sources	8,643,176	-	-	936,335	9,579,511
Sale/Other Conversion of Asset	2,241	-	-	6,976	9,217
TOTAL REVENUES	24,406,997	1,931,389	1,035	1,300,959	27,640,380
EXPENDITURES					
Current:					
Administration	1,827,183	-	-	-	1,827,183
District Support Services	961,705	-	-	-	961,705
Elementary and Secondary					
Regular Instruction	11,651,582	-	-	-	11,651,582
Vocational Education Instruction	292,837	-	-	-	292,837
Special Education Instruction	3,663,520	-	-	-	3,663,520
Community Education and Services	-	-	-	481,175	481,175
Instructional Support Services	1,008,244	-	-	-	1,008,244
Pupil Support Services	1,575,696	-	-	1,032,205	2,607,901
Sites and Buildings	2,567,596	-	-	-	2,567,596
Fixed Costs	287,002	-	-	-	287,002
Debt Service:					
Principal	54,996	1,350,000	-	-	1,404,996
Interest and Fees	2,052	605,500	-	-	607,552
Capital Outlay	3,104,799	-	-	4,544	3,109,343
TOTAL EXPENDITURES	26,997,212	1,955,500	-	1,517,924	30,470,636
Excess (Deficiency) of Revenues Over Expenditures	(2,590,215)	(24,111)	1,035	(216,965)	(2,830,256)
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	(123,448)	-	-	123,448	-
Issuance of Lease	279,093	-	-	-	279,093
TOTAL OTHER FINANCING SOURCES (USES)	155,645	-	-	123,448	279,093
Net Change in Fund Balances	(2,434,570)	(24,111)	1,035	(93,517)	(2,551,163)
Fund Balances - Beginning	11,028,633	424,572	161,127	108,377	11,722,709
Fund Balances - Ending	$ 8,594,063	$ 400,461	$ 162,162	$ 14,860	$ 9,171,546

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Total net change in fund balances - governmental funds	$ (2,551,163)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in the 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	3,109,343
Depreciation expense	(1,363,413)
Net book value of assets disposed	(22,300)
Lease payments are reported in governmental funds as expenditures. However, in the statement of activities, those assets are set up as lease assets and amortized over the life of the lease along with interest expenses. In the current period, this resulted in the following difference	
Amortization expense - leases	(55,819)
Interest expense - leases	(2,218)
Fund financials expenses - leases	57,214
Change in net pension liability	5,682,577
Changes in deferred outflows and inflows of resources related to the net pension liability	(5,044,895)
Changes in deferred outflows and inflows of resources related to OPEB	(56,467)
Payment of debt principal is an expenditure or other financing use in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	1,350,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Also, governmental funds report the effect of premiums when the debt is first issued, whereas this amount is deferred and amortized in the statement of activities.	26,875
Payment of the following costs is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.	
Unamortized premiums	230,986
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(5,865)
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).	
Compensated absences payable	(104,860)
Other postemployment benefits	(717)
Change in net position - governmental activities	$ 1,249,278

See Notes to the Basic Financial Statements

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 115 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a seven-member board elected by the voters of the District to serve four-year terms.

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

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

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

C. Basic Financial Statement Presentation

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

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

Description of Funds

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

Major Governmental Funds

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

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

Building Construction Fund – Accounts for the accumulation of resources for, and the payment related to construction projects.

Nonmajor Governmental Funds

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than expendable trust and major capital projects) that are legally restricted to expenditures for specified purposes.

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

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

GASB Statement No. 34 also requires that budget vs. actual information be presented for the general fund and all major special revenue funds.

E. Specific Account Information

Cash and Investments – Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. The investments of the Capital Projects Fund are not pooled and earnings on those investments are allocated directly to that Fund.

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

Fair Value Measurements – The organization accounts for all assets and liabilities that are being measured and reported on a fair value basis in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements.

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

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

Taxes Receivable – Taxes receivable represents taxes levied in 2021, which are not payable until 2022, net of the amount received prior to June 30.

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

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

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent years).

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

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

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

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

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

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

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

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

Leases - The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the District has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the District is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the District uses its incremental borrowing rate based on the information available at the lease commencement date. The District has made an accounting policy election to use a risk free rate based on US Treasury T-bill rate as of the lease commencement. The District accounts for lease agreements with lease and nonlease components together as a single lease component for all underlying classes of assets.

The District continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District is reasonably certain to exercise.

The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The District's lease agreements do not include any material residual value guarantees or restrictive covenants.

Unearned Revenue – Unearned revenue represents revenues, other than property taxes, collected before they are earned.

Compensated Absences – District employees earn sick and vacation days based on the number of completed years of service. The District compensates certain employees for unused sick and vacation days upon termination of employment with the District. Payment is calculated using various rates depending on the years of service. The amount earned for sick leave is reduced by any 403(b) annuity match the District has made in respect to those employees.

Compensated absences are recorded as an expenditure when payment is made, however; recognized as a liability in the basic financial statement and an expense when the benefit is earned.

Long-Term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Existing bonded debt is reported at the face value of remaining indebtedness. For any new indebtedness that may be issued in the future, bond premiums and discounts will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable will be reported net of the applicable bond premium or discount. Bond issuance costs will be expensed as incurred.

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resource (expense/ expenditure) until then. The District has two items reported on the statement of net position as deferred outflows of resources. The first is *cost sharing defined benefit pension plan,* which represents actuarial differences within the PERA and TRA pension plans as well as amounts paid to the plans after the measurement date. The second is *deferred outflows* related to OPEB, which represents the amounts paid to the plan after the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four types of items, one of which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue – delinquent taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, *property taxes levied – subs. years* is reported as a deferred inflow of resources for both the Balance Sheet – Governmental Funds and the Statement of Net Position as this amount represents property tax revenue levied for a subsequent period. The District has a third item reported on the statement of net position as *cost sharing defined benefit pension plan,* which represents actuarial differences within the PERA and TRA pension plans. The fourth item, deferred inflows of resources related to *OPEB* is recorded on the government-wide statements for various estimate differences that will be amortized and recognized over future years.

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

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

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

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

Fund Balance Classifications – In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

> *Non-spendable* - consists of amounts that are not in spendable form, such as inventory and prepaid items.
>
> *Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions and administered by the Minnesota Department of Education.
>
> *Committed* - consists of internally imposed constraints. These constraints are established by Resolution of the Board of Education. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
>
> *Assigned* - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the District's intended use. These constraints are established by the Board of Education and/or management. Pursuant to Board Resolution, the District's Business Manager is authorized to establish assignments of fund balance.
>
> *Unassigned* - is the residual classification for the general fund. Positive amounts are reported only in the general fund.

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

The District will strive to maintain a minimum unassigned General Fund balance of 25% of the annual budget.

F. Use of Estimates

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

NOTE 2 CHANGE IN ACCOUNTING PRINCIPLES

The District implemented GASB Statement No. 87, *Leases* in the fiscal year ended June 30, 2022. GASB Statement No. 87 establishes a single model for lease accounting based on the foundation principal that leases are financings of the right to use an underlying asset.

Results for periods prior to June 30, 2021 continue to be reported in accordance with the District's historical accounting treatment. See Note 8 for expanded disclosures regarding leases.

NOTE 3 DEPOSITS AND INVESTMENTS

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

The District's interest loss for the year ended June 30, 2022, was $66,429.

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

Cash	$ 2,897,851
Investments	10,134,978
Totals	$ 13,032,829

As of June 30, 2022, the District's investments were in the Minnesota School District Liquid Asset Fund Plus and the MN Trust fund, which are external investment pools.

Investment	Fair Value (Level 1)
Minnesota School District Liquid Asset Fund Plus	$ 77,367
MN Trust	10,057,611
	$ 10,134,978

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

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

Credit Risk

The District may invest idle funds as authorized in Minnesota Statutes, as follows:

(a) Direct obligations or obligations guaranteed or insured issues by the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.
(b) General obligations and revenue obligations of any state or local government with taxing powers rated "A" and "AA", respectively, and general obligations of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and rated "A" or better.
(c) Commercial paper issued by United States corporations or their Canadian subsidiaries, rated in the highest quality by at least two rating agencies, and maturing in 270 days or less.
(d) Time deposits that are fully insured by the FDIC or bankers acceptances of U.S. banks.
(e) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
(f) Repurchase or reverse repurchase agreements with banks that are qualified as a "depository" of public funds of the government entity, any other financial institution which is a member of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
(g) Guaranteed investment contracts (GIC's) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories, or in the top three rating categories for long-term GIC's issued by Minnesota banks.
(h) Securities lending agreements with financial institutions having its principal executive office in Minnesota and meeting the qualifications described in (f) above.

The Minnesota School District Liquid Asset Fund is rated AAAm by Standard & Poor's, while the MnTrust is rated Aaa by Moody's Investors Services.

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

The District does not have a formal custodial credit risk policy. In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the District's board, all of which are members of the Federal Reserve System. Minnesota Statutes require that all district deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

At June 30, 2022, the carrying amount of the District's deposits was $2,897,851 and the bank balance was $4,228,504. On June 30, 2022, the District did not have any deposits that were uncollateralized.

Custodial Credit Risk – Investments

The investment in the Minnesota School District Liquid Asset Fund and the MN Trust are not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement 40.

Interest Rate Risk

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

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$ 465,902	$ -	$ -	$ 465,902
Construction in Process	-	2,201,891	-	2,201,891
Total Capital Assets, Not Being Depreciated	465,902	2,201,891	-	2,667,793
Capital Assets, Being Depreciated:				
Land Improvements	2,393,679	46,780	-	2,440,459
Buildings	35,818,907	-	-	35,818,907
Machinery and Equipment	6,182,345	860,672	77,200	6,965,817
Total Capital Assets, Being Depreciated	44,394,931	907,452	77,200	45,225,183
Less Accumulated Depreciation For:				
Land Improvements	1,420,786	76,981	-	1,497,767
Buildings	14,784,484	889,273	-	15,673,757
Machinery and Equipment	4,102,071	397,159	54,900	4,444,330
Total Accumulated Depreciation	20,307,341	1,363,413	54,900	21,615,854
Total Capital Assets, Being Depreciated, Net	24,087,590	(455,961)	22,300	23,609,329
Governmental Activities Capital Assets, Net	$24,553,492	$ 1,745,930	$ 22,300	$ 26,277,122

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

Administration	$ 1,768
District Support Services	17,231
Elementary and Secondary Instruction	48,119
Vocational Education Instruction	1,354
Community Education	1,871
Instructional Support Services	33,120
Pupil Support Services	221,879
Sites and Buildings	616,227
Unallocated	421,844
Total Depreciation Expense	$ 1,363,413

NOTE 5 DEFINED BENEFIT PENSION PLANS - STATEWIDE

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

Disclosures relating to these plans follow:

Public Employees Retirement Association

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

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

B. 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.

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be 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 June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of June 30 before the effective date of the increase will receive a 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.

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

Coordinated Plan Members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022, were $282,972. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs
At June 30, 2022, the District reported a liability of $2,254,797 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $68,841.

The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0528% at the end of the measurement period and 0.0573% for the beginning of the period.

District's proportionate share of the net pension liability	$	2,254,797
State of Minnesota's proportionate share of the net pension liability associated with the District		68,841
Total	$	2,323,638

For the year ended June 30, 2022, the District recognized pension expense of $3,079 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized $5,554 as grant revenue and grant expenditures for its proportionate share of the State of Minnesota's pension expense for the annual $16 million contribution.

At June 30, 2022, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 13,591	$ 69,683
Difference between projected and actual investment earnings	-	1,934,181
Changes in actuarial assumptions	1,376,732	52,476
Changes in proportion	175,193	229,096
Contributions paid to PERA subsequent to the measurement date	282,972	-
Total	$ 1,848,488	$ 2,285,436

The $282,972 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2023	$ (97,782)
2024	(10,049)
2025	(79,471)
2026	(532,618)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
Private Markets	25.00%	5.90%
Fixed Income	25.00%	0.75%
International Equity	16.50%	5.30%

F. Actuarial Methods and Assumptions
The total pension liability in the June 30, 2021, 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.

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 29 years of service and 6.0 percent per year thereafter.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The

assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

Changes in Actuarial Assumptions:

- 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-2020.

Changes in Plan Provisions:
- There were no changes in plan provisions since the previous valuation.

G. Discount Rate
The discount rate used to measure the total pension liability in 2021 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.

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

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
District's proportionate share of the General Employees Fund net pension liability:	$ 4,598,634	$ 2,254,797	$ 331,535

I. 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.

Teachers Retirement Association

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

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

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

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

Tier I Benefits

Basic	First ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2 percent per year
	First ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are up to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

With these provisions:

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

Or

Tier II Benefits

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

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.
Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is

payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

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

C. Contribution Rate
Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal years ended June 30, 2020, June 30, 2021, and June 30, 2022 were:

	June 30, 2020		June 30, 2021		June 30, 2022	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.92%	11.00%	12.13%	11.00%	12.34%
Coordinated	7.50%	7.92%	7.50%	8.13%	7.50%	8.34%

The following is a reconciliation of employer contributions in TRA's fiscal year 2021 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

		in thousands
Employer contributions reported in TRA's ACFR Statement of Changes in Fiduciary Net Position	$	448,829
Add employer contributions not related to future contribution efforts		379
Deduct TRA's contributions not included in allocation		(538)
Total employer contributions		448,670
Total non-employer contributions		37,840
Employer contributions reported in schedule of employer and non-employer pension allocations	$	486,510

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.

D. Actuarial Assumptions
The total pension liability in the June 30, 2021, 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, 2021
Meaurement Date	June 30, 2021
Experience Study	June 5, 2019 (demographic assumptions) November 6, 2017 (economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage Growth Rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85 to 8.85% before July 1, 2028 and 3.25 to 9.25% after June 30, 2028
Cost of Living Adjustment	1.0% for January 2020 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 long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Equity	35.50%	5.10%
International Equity	17.50%	5.30%
Private Markets	25.00%	5.90%
Fixed Income	20.00%	0.75%
Cash	2.00%	0.00%

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2022 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 2020 valuation:

- For GASB Valuation:
  - The investment return assumption was changed from 7.50 percent to 7.00 percent.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The discount rate used to measure the TPL at the Prior Measurement Date was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2021 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).

F. Net Pension Liability

On June 30, 2022, Independent School District No. 115 reported a liability of $6,144,324 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 0.1404% at the end of the measurement period and 0.1441% 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	$ 6,144,324
State's proportionate share of the net pension liability associated with the District	518,065

For the year ended June 30, 2022, the District recognized pension expense of $272,609. It also recognized ($5,801) as an increase to pension expense for the support provided by direct aid.

On June 30, 2022, 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	$ 170,801	$ 176,689
Difference between projected and actual investment earnings	-	5,140,965
Changes in actuarial assumptions	2,251,827	5,736,626
Changes in proportion	431,801	495,025
Contributions paid to TRA subsequent to the measurement date	767,222	-
Total	$ 3,621,651	$ 11,549,305

$767,222 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2023	$ (4,058,882)
2024	(3,129,911)
2025	(835,221)
2026	(1,038,039)
2027	367,177

G. 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.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of NPL related to TRA	$ 12,411,833	$ 6,144,324	$ 1,004,467

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.

H. 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.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by Minnesota Public Employee Insurance Program (MN PEIP). It is the District's policy to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees. No assets are accumulated in a trust.

Benefit Provided – Benefits are paid on behalf of retired District teachers until the age of Medicare, if the teacher was vested in 1987. Other teachers who are tenured and who have participated in the District's group health plan for at least three years prior to resignation shall receive health care benefit contributions from the District for six months after termination of the teacher's contract. In addition, "nonvested" and not eligible for "Rule of 90" teachers with 20 years of service receive $25,000 paid in a lump sum to a health care savings plan.

For nonlicensed persons covered under the Minnesota School Employee Association Agreement, the District will continue to pay the District's portion of health insurance for employees who retire with at least 20 years of service and are at least 60 years of age and prior to age 65. The District shall continue to make its health insurance contribution until eligible for Medicare benefits.

Principals who retire and were on the District's health insurance plan during school year 2003-2004 and 2004-2005, for three years, will receive a contribution not to exceed $712 per month toward their health insurance until the age of Medicare.

The General Fund, Food Service Fund, and Community Service Fund typically liquidate the liability related to OPEB.

Employees Covered by Benefit Terms – At June 30, 2021, the measurement date of the total OPEB liability, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	8
Active employees	241
	249

Total OPEB Liability

At June 30, 2022, the District reported a liability of $1,286,934 for the defined benefit healthcare plan. The total OPEB liability was measured as of July 1, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Changed from flat 3.0 percent per year to rates which vary by group
Discount rate	2.10%
Healthcare cost trend	6.25% as of July 1, 2021 decreasing to 5.00% over five years and then 4% over the next 48 years.

The discount rate is based on the 20-year AA rated municipal bonds yield.

The valuation uses mortality rates based on the Pub-2010 Public Retirement Plans Headcount – Weighted Mortality Tables (General, Teachers), with MP-2019 Generational Improvement Scale.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2021 actuarial valuation, the entry age, level percentage of pay actuarial cost method was used.

Retirees and their spouses contribute to the healthcare plan according to their benefit received at retirement. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy for which the District has historically funded on a pay-as-you-go basis. All of the active employees who have access to healthcare and all retirees who have elected to continue coverage on the employer's medical plan after retirement have been included in this valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	$ 1,286,217
Changes for the year:	
Service cost	90,654
Interest	31,362
Changes in assumptions or other inputs	19,753
Benefit payments	(141,052)
Net changes	717
Balance at June 30, 2022	$ 1,286,934

Changes of assumptions and other inputs reflect a change in the discount rate from 2.40% in 2020 to 2.10% in 2021.

Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability as of June 30, 2022, calculated using the discount rate of 2.1%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.1 percent) or 1-percentage-point higher (3.1 percent) than the current rate:

1% Decrease (1.1%)	Discount Rate (2.1%)	1% Increase (3.1%)
$ 1,366,568	$ 1,286,934	$ 1,208,011

The following presents the total OPEB liability as of June 30, 2022, calculated using the healthcare cost trend rate of 6.25% grading to 5.0% over five years, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-pointlower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

(5.25% decreasing to 4.0%)	(6.25% decreasing to 5.0%)	1% Increase (7.25% decreasing to 6.0%)
$ 1,194,018	$ 1,286,934	$ 1,397,551

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $158,156. 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
Difference between expected and actual economic experience	$ 143,282	$ -
Changes in actuarial assumptions	31,860	21,604
date	91,693	-
Total	$ 266,835	$ 21,604

$91,693 reported as deferred outflows of resources related to OPEB resulting from District contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the total other postemployment benefit liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ending June 30:	OPEB Expense Amount
2023	$ 36,140
2024	36,140
2025	36,137
2026	16,647
2027	13,005
Thereafter	15,469

NOTE 7 LONG-TERM LIABILITIES

The long-term debt obligations outstanding at year-end and changes in long-term debt are summarized as follows:

Summary of Long-Term Liabilities

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
G.O. Facilities Maintenance Bonds	$ 4,010,000	$ -	$ 150,000	$ 3,860,000	$ 155,000
G.O. School Building Refunding Bonds	9,685,000	-	1,200,000	8,485,000	1,260,000
Unamortized Premium	1,558,792	-	230,986	1,327,806	-
Total Bonds	15,253,792	-	1,580,986	13,672,806	1,415,000
Compensated Absences Payable	751,223	104,860	-	856,083	-
Total Long-Term Liabilities	$ 16,005,015	$ 104,860	$ 1,580,986	$ 14,528,889	$ 1,415,000

Compensated absences payable is generally liquidated by the general fund.

A. General Obligation Bonds

Description	Date of Issue	Net Interest Rate	Maturity Dates	Original Amount	Current Year Retired	Balance 2022	Amounts Due in 2022-2023 Principal	Amounts Due in 2022-2023 Interest
2017A Facilities Maint Bond	2017	3.00%	2/2033	$ 4,155,000	$ 150,000	$ 3,860,000	$ 155,000	$ 115,800
2019A Building Refunding Bond	2019	5.00%	2/2028	10,980,000	1,200,000	8,485,000	1,260,000	424,250
					$ 1,350,000	$ 12,345,000	$1,415,000	$ 540,050

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 1,415,000	$ 540,050	$ 1,955,050
2024	1,470,000	472,400	1,942,400
2025	1,545,000	402,100	1,947,100
2026	1,610,000	328,150	1,938,150
2027	1,690,000	250,950	1,940,950
2028-2032	4,170,000	407,850	4,577,850
2033	445,000	13,350	458,350
	$12,345,000	$ 2,414,850	$ 14,759,850

General obligation bonds of the District are reflected in the Building Construction Fund and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

There are several limitations and restrictions contained in the various general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2022.

NOTE 8 LEASES

The District leases a number of copy machines and copiers. The terms of the leases are for a period of 60 months, commencing in July 2021 and terminating June 2026, with a monthly payment of $4,754.

Following is the total lease expense for the year ended June 30, 2022:

	Year Ending 2022
Lease expense	
Amortization expense by class of underlying asset	
Copy Machine	$ 55,819
Total amortization expense	55,819
Interest on lease liabilities	2,218
Variable lease expense	-
Total	$ 58,037

Following is a schedule of activity of leased assets and lease liabilities for the year ended June 30, 2022:

	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Lease Assets						
Copy Machine	$ -	$ 279,093	$ -	$ -	$ 279,093	
	-	279,093	-	-	279,093	
Less: Accumulated Amortization						
Copy Machine	-	(55,819)		-	(55,819)	
	-	(55,819)	-	-	(55,819)	
Total Lease Assets, net	$ -	$ 223,274	$ -	$ -	$ 223,274	
Lease Liabilities	$ -	$ 279,093	$ -	$ (54,996)	$ 224,097	$ 55,279

Following is a schedule by years of future minimum payments required under the leases:

Maturity Analysis	Principal	Interest	Total Payments
2023	$ 55,279	$ 1,769	$ 57,048
2024	55,773	1,275	57,048
2025	56,271	777	57,048
2026	56,774	274	57,048
Total Future Payments	$ 224,097	$ 4,095	$ 228,192

NOTE 9 TRANSFERS

The composition of interfund balances as of June 30, 2022, is as follows:

Transfer Out	Transfer In	Amount
General Fund	Nonmajor Governmental Funds	$ 123,448
Total		$ 123,448

The purpose of the transfer is to cover the deficit in the Food Service fund.

NOTE 10 COMMITMENTS AND CONTINGENCIES

The District receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and aids. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2022.

The District has contract commitments of approximately $1.8 million related to an HVAC project at June 30, 2022.

NOTE 11 RISK MANAGEMENT

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

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

NOTE 12 NEW PRONOUNCEMENTS

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information* Arrangements provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 99, *Omnibus 2022,* provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62,* provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this

Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences,* provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

NOTE 13 RECLASSIFICATION

Certain reclassifications have been made to the 2021 financial statements in order to conform with the 2022 presentation.

NOTE 14 SUBSEQUENT EVENTS

There were no significant events that occurred subsequent to the District's year end. Subsequent events have been evaluated through December 9, 2022, which is the date these financial statements were available to be issued.

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original and Final Budget	Actual	Over (Under) Final Budget
REVENUES			
Local Property Tax Levies	$ 1,476,554	$ 1,420,450	$ (56,104)
Other Local and County Revenues	315,504	338,119	22,615
Revenue From State Sources	14,899,295	14,003,011	(896,284)
Revenue From Federal Sources	12,189,279	8,643,176	(3,546,103)
Sale/Other Conversion of Asset	3,600	2,241	(1,359)
TOTAL REVENUES	28,884,232	24,406,997	(4,477,235)
EXPENDITURES			
Current:			
Administration	1,836,203	1,827,183	(9,020)
District Support Services	904,280	961,705	57,425
Elementary and Secondary			
Regular Instruction	13,960,039	11,651,582	(2,308,457)
Vocational Education Instruction	286,880	292,837	5,957
Special Education Instruction	3,507,542	3,663,520	155,978
Instructional Support Services	727,885	1,008,244	280,359
Pupil Support Services	1,672,729	1,575,696	(97,033)
Sites and Buildings	3,156,185	2,567,596	(588,589)
Fixed Costs	112,050	287,002	174,952
Debt Service:			
Principal	-	54,996	54,996
Interest and Fees	-	2,052	2,052
Capital Outlay	2,686,917	3,104,799	417,882
TOTAL EXPENDITURES	28,850,710	26,997,212	(1,853,498)
Excess (Deficiency) of Revenues Over Expenditures	33,522	(2,590,215)	(2,623,737)
OTHER FINANCING SOURCES (USES)			
Transfer Out	(60,000)	(123,448)	(63,448)
Issuance of Lease	-	279,093	279,093
TOTAL OTHER FINANCING SOURCES	(60,000)	155,645	215,645
Net Change in Fund Balances	(26,478)	(2,434,570)	(2,408,092)
Fund Balances - Beginning	11,028,633	11,028,633	-
Fund Balances - Ending	$ 11,002,155	$ 8,594,063	$ (2,408,092)

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS

Total OPEB Liability	2018	2019	2020	2021	2022
Service Cost	$ 59,143	$ 75,581	$ 82,844	$ 84,180	$ 90,654
Interest	25,304	25,581	39,514	36,665	31,362
Changes in benefit terms	-	249,579		24,109	-
Differences between expected and actual experience	-	136,427		113,087	-
Changes of assumptions or other inputs	-	(3)	25,512	(28,806)	19,753
Benefit payments	(58,600)	(127,489)	(108,060)	(82,513)	(141,052)
Net Change in total OPEB Liability	25,847	359,676	39,810	146,722	717
Total OPEB Liability - Beginning	714,162	740,009	1,099,685	1,139,495	1,286,217
Total OPEB Liability - Ending	$ 740,009	$ 1,099,685	$ 1,139,495	$ 1,286,217	$ 1,286,934
Covered employee payroll	$10,073,595	$11,174,314	$ 11,509,543	$ 10,914,030	$ 11,241,451
Total OPEB Liability as a percentage of covered-employee payroll	7.35%	9.84%	9.90%	11.78%	11.45%

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

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
SCHEDULE OF DISTRICT'S CONTRIBUTIONS TO PERA/TRA RETIREMENT FUNDS
LAST 10 YEARS

Fiscal Year Ended June 30	Pension Plan	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	PERA	$ 181,936	$ 181,936	$ -	$ 2,509,462	7.25%
2015	PERA	180,238	180,238	-	2,403,173	7.50%
2016	PERA	237,803	237,803	-	3,170,707	7.50%
2017	PERA	259,442	259,442	-	3,459,227	7.50%
2018	PERA	269,865	269,865	-	3,598,200	7.50%
2019	PERA	275,577	275,577	-	3,674,360	7.50%
2020	PERA	309,759	309,759	-	4,130,127	7.50%
2021	PERA	284,397	284,397	-	3,791,976	7.50%
2022	PERA	282,972	282,972	-	3,772,962	7.50%
2014	TRA	$ 455,103	$ 455,103	$ -	$ 6,501,471	7.00%
2015	TRA	479,850	479,850	-	6,398,000	7.50%
2016	TRA	542,621	542,621	-	7,234,947	7.50%
2017	TRA	569,072	569,072	-	7,587,627	7.50%
2018	TRA	605,154	605,154	-	8,068,720	7.50%
2019	TRA	646,650	646,650	-	8,387,160	7.71%
2020	TRA	668,059	668,059	-	8,403,713	7.95%
2021	TRA	690,707	690,707	-	8,463,563	8.16%
2022	TRA	767,222	767,222	-	9,166,529	8.37%

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

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
SCHEDULE OF DISTRICT'S AND NON-EMPLOYER PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS (PRESENTED PROSPECTIVELY)

For the Fiscal Year Ended June 30	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 (if Applicable) (b)	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014 PERA	0.0478%	$ 2,245,405	$ -	$ 2,245,405	$ 2,509,462	89.48%	78.75%
2015 PERA	0.0416%	2,155,928	-	2,155,928	2,403,173	89.71%	78.19%
2016 PERA	0.0511%	4,149,067	54,223	4,203,290	3,170,707	130.86%	68.91%
2017 PERA	0.0537%	3,428,173	43,103	3,471,276	3,459,227	99.10%	75.90%
2018 PERA	0.0535%	2,967,961	97,434	3,065,395	3,598,200	82.48%	79.53%
2019 PERA	0.0518%	2,863,906	88,996	2,952,902	3,674,360	77.94%	80.23%
2020 PERA	0.0573%	3,435,397	105,815	3,541,212	4,130,127	83.18%	79.06%
2021 PERA	0.0528%	2,254,797	68,841	2,323,638	3,791,976	59.46%	63.16%
2014 TRA	0.1424%	$ 6,561,689	$ 461,553	$ 7,023,242	$ 6,501,471	100.93%	81.50%
2015 TRA	0.1261%	7,800,532	957,030	8,757,562	6,398,000	121.92%	76.80%
2016 TRA	0.1391%	33,178,669	3,331,099	36,509,768	7,234,947	458.59%	44.88%
2017 TRA	0.1410%	28,146,158	2,720,271	30,866,429	7,587,627	370.95%	51.57%
2018 TRA	0.1460%	9,170,167	861,473	10,031,640	8,068,720	113.65%	78.07%
2019 TRA	0.1465%	9,337,941	826,562	10,164,503	8,387,160	111.34%	78.21%
2020 TRA	0.1441%	10,646,301	892,328	11,538,629	8,403,713	126.69%	75.48%
2021 TRA	0.1404%	6,144,324	518,065	6,662,389	8,463,563	72.60%	86.63%

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

The District implemented GASB Statement No. 68 for its fiscal year ended June 30, 2015. Information for the prior years is not available.

See Notes to the Required Supplementary Information

NOTE 1 BUDGETARY DATA

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

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

Legal Compliance – Budgets

The superintendent submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for all funds of the District. However, the general and special revenue funds are the only funds that are legally adopted through the budgetary process as documented below.

- The budget is legally enacted through passage of a School Board resolution by July 1.
- The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
- Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and Debt Service Funds. Formal budgetary integration is not required for the Debt Service Fund because effective budgetary control is alternatively achieved through G.O. bond indenture provisions. Budgetary control for the Capital Projects Fund is accomplished through the use of project controls.
- Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 DEFINED BENEFIT PLANS

PERA

2021 Changes
Changes in Actuarial Assumptions
-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-2020.

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

2020 Changes
Changes in Actuarial Assumptions:
- The price of 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 were 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 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 and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

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

Changes in Plan Provisions: The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The State's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

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

Changes in Plan Provisions: The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 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 Changes
Changes in Actuarial Assumptions: 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.

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

2016 Changes
Changes in Actuarial Assumptions: The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years. The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes
Changes in Plan Provisions: On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions: The assumed post-retirement benefit increase was changed form 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

TRA

Changes in actuarial assumptions since the 2020 valuation:
- The investment return assumption was changed from 7.50 percent to 7.00 percent.

Changes in actuarial assumptions since the 2018 valuation:
- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.

- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in actuarial assumptions since the 2017 valuation:
- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least 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% to 3.0%, effective July 1, 2018. Interest due on payment and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 6 years, (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Actuarial Assumptions Since the 2016 Valuation:
- The Cost of Living Adjustment (COLA) was assumed to increase from 2.0 percent annually to 2.5 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5 percent, but remain at 2.0 percent for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4 percent to 0.0 percent, the vested inactive load increased from 4.0 percent to 7.0 percent and the non-vested inactive load increased from 4.0 percent to 9.0 percent.
- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – CONTINUED
AS OF JUNE 30, 2022

- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for ten years followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

NOTE 3 OTHER POSTEMPLOYMENT BENEFIT PLAN

Changes since the prior valuation:

Plan Changes: None

Assumption Changes:
-The health care trend rates were changed to better anticipate short term and long term medical increases.
-The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
-The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
-The discount rate was changed from 2.4% to 2.1%.

Method Changes: None

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

	Special Revenue Funds		
	Food Service Fund	Community Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Investments	$ 51,167	$ 72,084	$ 123,251
Current Property Taxes Receivable	-	17,130	17,130
Delinquent Property Taxes Receivable	-	663	663
Accounts Receivable	1,546	1,438	2,984
Due From Department of Education	550	19,546	20,096
Inventory	41,735	-	41,735
TOTAL ASSETS	$ 122,317	$ 110,861	$ 233,178
LIABILITIES			
Accounts Payable	$ 12,956	$ 4,135	$ 17,091
Salary Payable	22,388	30,220	52,608
Unearned Revenue		43,599	43,599
Payroll Liabilities	25,566	24,110	49,676
TOTAL LIABILITIES	60,910	102,064	162,974
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Delinquent Taxes	-	663	663
Property Taxes Levied - Subs. Years	-	54,681	54,681
TOTAL DEFERRED INFLOWS OF RESOURCES	-	55,344	55,344
FUND BALANCES			
Nonspendable - Inventory	41,735	-	41,735
Restricted for:			
Community Education	-	373,050	373,050
ECFE	-	140,220	140,220
School Readiness	-	213,713	213,713
Food Service	19,672	-	19,672
Unassigned	-	(773,530)	(773,530)
TOTAL FUND BALANCES	61,407	(46,547)	14,860
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 122,317	$ 110,861	$ 233,178

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds		
	Food Service Fund	Community Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Local Property Tax Levies	$ -	$ 52,374	$ 52,374
Other Local and County Revenues	5,082	6	5,088
Revenue From State Sources	30,101	270,085	300,186
Revenue From Federal Sources	901,274	35,061	936,335
Sale/Other Conversion of Assets	6,976	-	6,976
TOTAL REVENUES	943,433	357,526	1,300,959
EXPENDITURES			
Current:			
Community Education and Services	-	481,175	481,175
Pupil Support Services	1,032,205	-	1,032,205
Capital Outlay	779	3,765	4,544
TOTAL EXPENDITURES	1,032,984	484,940	1,517,924
Excess (Deficiency) of Revenues Over Expenditures	(89,551)	(127,414)	(216,965)
OTHER FINANCING SOURCES (USES)			
Transfer In	123,448	-	123,448
TOTAL OTHER FINANCING SOURCES	123,448	-	123,448
Net Change in Fund Balances	33,897	(127,414)	(93,517)
Fund Balances - Beginning	27,510	80,867	108,377
Fund Balances - Ending	$ 61,407	$ (46,547)	$ 14,860

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Balance Beginning of Year	Revenues	Expenditures	Transfers	Debt Issued	UFARS Balance	GASB 54 Reclassifications	Balance End of Year
General Fund								
Restricted for:								
Student Activities	$ 72,715	$ 45,431	$ 27,229	$ -	$ -	$ 90,917	$ -	$ 90,917
Scholarship	33,633	4,617	1,750	-	-	36,500	-	36,500
Staff Development	-	161,798	166,580	4,782	-	-	-	-
Operating Capital	89,168	266,159	355,327	-	-	-	-	-
Learning and Development	-	247,766	247,766	-	-	-	-	-
Area Learning Center	-	1,131,639	1,062,701	-	-	68,938	-	68,938
Gifted and Talented	-	15,631	15,631	-	-	-	-	-
Basic Skills Program	55,412	2,018,631	2,024,864	-	-	49,179	-	49,179
Safe School	57,492	49,185	57,491	-	-	49,186	-	49,186
Long Term Fac. Maint.	(322,367)	287,139	356,539	-	-	(391,767)	391,767	-
PILT	39,685	48,682	-	-	-	88,367	-	88,367
Medical Assistance	37,105	-	-	-	-	37,105	-	37,105
Assigned for Facilities	150,769	13,016	10,556	-	-	153,229	-	153,229
Unassigned	10,815,021	20,117,303	22,670,778	(128,230)	279,093	8,412,409	(391,767)	8,020,642
Food Service Fund								
Nonspendable	37,736	-	-	3,999	-	41,735	-	41,735
Restricted	(10,226)	943,433	1,032,984	119,449	-	19,672	-	19,672
Unassigned	-	-	-	-	-	-	-	-
Community Service Fund								
Restricted for:								
Community Education	351,484	29,662	8,096	-	-	373,050	-	373,050
ECFE	175,476	74,514	109,770	-	-	140,220	-	140,220
School Readiness	247,186	175,372	208,845	-	-	213,713	-	213,713
Adult Basic Education	-	77,073	143,200	66,127	-	-	-	-
Restricted Fund Balance	-	905	15,029	14,124	-	-	-	-
Unassigned	(693,279)	-		(80,251)	-	(773,530)	-	(773,530)
Building Construction Fund								
Restricted for:								
Restricted	161,127	1,035	-	-	-	162,162	-	162,162
Debt Service Fund								
Restricted	424,572	1,931,389	1,955,500	-	-	400,461	-	400,461

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education
Independent School District No. 115
Cass Lake-Bena, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 115, Cass Lake-Bena, Minnesota as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2022.

Legal Compliance

In connection with our audit, we noted that Independent School District No. 115 failed to comply with provisions of the depositories of public funds and public investments section of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the schedule of findings and questioned costs as item 2022-003. Also, in connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting – bid laws, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Purpose of the Report

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 9, 2022

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

To the Board of Education
Independent School District No. 115
Cass Lake-Bena, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 115, Cass Lake-Bena, Minnesota as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

The District's Responses to Findings

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

Purpose of this Report

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 9, 2022

BradyMartz

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

To the Board of Education
Independent School District No. 115
Cass Lake-Bena, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings 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, 2022.

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 Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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

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

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

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

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

Brady Martz

BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

December 9, 2022

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Amount
U.S. Department of Education		
Direct Programs:		
Impact Aid	84.041	$ 4,181,018
Title VII, Part A - Indian Education	84.060	279,086
Total Direct Programs		4,460,104
Indirect Programs:		
Passed-Through Minnesota Department of Education:		
Title I, Part A	84.010	591,950
Title II, Part A - Supporting Effective Instruction	84.367	47,723
Title VI, Part B - Rural Education	84.358	23,966
Student Support and Academic Enrichment	84.424	40,969
Adult Education - Basic Grants to States	84.002	6,380
Education Stabilization Fund Under The Coronavirus Aid		
COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425D	2,032,141
COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425U	1,153,989
COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act	84.425W	12,905
Total Education Stabilization Fund		3,199,035
Total U.S. Department of Education		8,370,127
U.S. Department of the Health and Human Services		
Passed-Through Minnesota Department of Education:		
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	62,554
U.S. Department of the Treasury		
Passed-Through Minnesota Department of Education:		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	245,556
U.S. Department of Agriculture		
Indirect Programs:		
Passed-Through Minnesota Department of Education:		
COVID-19 School Breakfast Program	10.553	196,755
Commodity Distribution - Nonmonetary Assistance	10.555	70,108
COVID-19 Summer Food Service Program	10.559	17,467
National School Lunch Program	10.555	554,497
Fresh Fruit and Vegetable	10.582	31,035
Total Child Nutrition Cluster		869,862
COVID-19 Child and Adult Care Food Program	10.558	31,412
Total U.S. Department of Agriculture		901,274
TOTAL FEDERAL AWARDS		$ 9,579,511

See Notes to the Schedule of Expenditures of Federal Awards

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards (the “Schedule”) are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

Independent School District No. 115 has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The accompanying Schedule includes the federal award activity of Independent School District No. 115 under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Independent School District No. 115, it is not intended to and does not present the financial position or changes in net position of Independent School District No. 115.

NOTE 4 COMMODITY DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

NOTE 5 PASS-THROUGH ENTITIES

All pass-through entities listed above use the same Assistance Listing numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 6 SUBRECIPIENTS

During 2022, the District did not pass any federal money to subrecipients.

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified?	_x_ yes ___ none
Noncompliance material to financial statements noted?	___ yes _x_ no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified?	___ yes _x_ none
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 2 CFR 200. 516(a)	___ yes _x_ no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	_x_ yes __ no

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2022

Section II-Financial Statement Findings

2022-001 FINDING

Criteria
Generally, a system of internal control contemplates separation of duties that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition
Lack of sufficient segregation of duties.

Cause
Size and budget constraints limiting the number of personnel within the accounting department.

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

Repeat Finding
Yes

Recommendation
The areas should be reviewed periodically and consideration given to improving the segregation of duties.

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

2022-002 FINDING

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

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

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

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

Repeat Finding
Yes

Recommendation
We recommend the District consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures. As a compensating control the District should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist. The District should also post all known adjustments prior to the audit commencing.

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

Section III-Federal Award Findings and Questioned Costs

There are no findings to report in this section.

Section IV-Minnesota Legal Compliance Findings

2022-003 FINDING

Criteria
Minnesota Statute 118A.03 requires the District to obtain a bond or collateral which, when computed at its market value, shall be at least ten percent more than the amount of excess deposit.

Condition
During the year, the District had deposits which were in excess of deposit insurance and the District did not have sufficient collateral to cover the deposits for a period of nine days during two months tested.

Cause
Large deposits were received and collateral was not updated with the bank.

Effect
The District had uninsured and uncollateralized deposits during the year.

Repeat Finding
Yes

Recommendation
The District should establish a policy and a procedure to monitor the depository balances. We would recommend the balances be monitored on a monthly basis and more often if the District may have deposits in excess of the deposit insurance and the collateral.

Views of Responsible Officials and Planned Corrective Actions
The District agrees with the recommendation and will implement immediately.

2021-001 FINDING

Criteria
Generally, a system of internal control contemplates separation of duties that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition
Lack of sufficient segregation of duties.

Corrective Action Taken
See finding 2022-001

2021-002 FINDING

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

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

Corrective Actions Taken
See finding 2022-002

2021-003 FINDING

84.041 Impact Aid

Criteria
Section 7005 of the ESEA specifies that a school district desiring to receive impact aid shall submit an application for such aid. Each such application shall be submitted in such form and manner as required including information to determine the eligibility of the school district for payment and the amount of such payment. Information reported in the application is used to determine funding amounts.

Condition
On Page 2 of the 2020-2021 application - Total Additional Expenditures was reported as $3,731,474 when the actual amount was $3,516,280, an error of $215,197. Total State Aid for All Current Operating Expenditures was reported as $15,365,340 when the actual amount was $16,352,552, an error of ($987,212). Total State Aid for Children with Disabilities was reported as $2,238,002 when the actual amount was $2,386,934, an error of ($148,932). Other Sources of Aid Received for Children with Disabilities was reported as $18,906 when the actual amount was $24,971, an error of ($6,065).

Current Year Status
The corrective action plan was implemented and this finding has been removed.

2021-004 FINDING

Child Nutrition Cluster

Criteria
To receive reimbursement payment for meals served, the District must submit the number of meals served and all claims must be supported by accurate meal counts by category and type.

Condition
The daily counts sheets were reported in a monthly summary, and the totals from the monthly summary were submitted to the state for reimbursement. After testing we found the following variances: October had breakfast and lunch both over stated by 30 meals for a net effect of $195.84, December had both breakfast and lunch understated by 20 meals each for a net effect of $130.56, and March had breakfast understated by 30 meals and lunch over stated by 2 meals for a net effect of $65.24.

Current Year Status
The corrective action plan was implemented and this finding has been removed.

Section IV-Minnesota Legal Compliance Findings

2021-005 FINDING

Criteria
Minnesota Statute 118A.03 requires the District to obtain a bond or collateral which, when computed at its market value, shall be at least ten percent more than the amount of excess deposit.

Condition
During the year, the District had deposits which were in excess of deposit insurance and the District did not have sufficient collateral to cover the deposits.

Current Year Status
See current year finding 2022-003.

2021-006 FINDING

Criteria
The District was not able to provide the listing of checks that were approved by the board thus unable to determine if all checks were approved.

Condition
Unable to provide check numbers that were approved.

Current Year Status
The corrective action plan was implemented and this finding has been removed.

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A-41

Cass Lake-Bena Schools
Independent School District # 115

208 Central Ave. Northwest
Cass Lake, MN 56633

CORRECTIVE ACTION PLAN
JUNE 30, 2022

2022-001 FINDING
Contact Person – Sue Chase, Superintendent
Corrective Action Plan – The District has the following procedures to mitigate risk:
1) Review and approval of journal entries by Superintendent.
2) Board approves checks.
3) Superintendent periodically reviews bank statement before turning it over to the business office for reconciliation.

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

2022-002 FINDING
Contact Person – Sue Chase, Superintendent
Corrective Action Plan – Will establish policy to document review of financial statements and notes.
Completion Date – Ongoing

2022-003 FINDING
Contact Person – Sue Chase, Superintendent
Corrective Action Plan – The District will establish a policy and a procedure to monitor the balances in the banks in relation to collateral.
Completion Date – Immediately

INDEPENDENT SCHOOL DISTRICT NO. 115
CASS LAKE-BENA, MINNESOTA
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
AS OF JUNE 30, 2022

	Audit	UFARS	Variance
01 GENERAL FUND			
Total Revenue	24,406,997	24,406,996	1
Total Expenditures	26,997,212	26,997,212	-
Non Spendable			
460 Non Spendable Fund Balance	-	-	-
Restricted/Reserved:			-
401 Student Activities	90,917	90,917	-
402 Scholarships	36,500	36,501	(1)
403 Staff Development	-	(1)	1
406 Health & Safety	-	-	-
407 Capital Projects Levy	-	-	-
408 Cooperative Revenue	-	-	-
411 Severance Pay	-	-	-
413 Project Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
423 Certain Teacher Programs	-	-	-
424 Operating Capital	-	-	-
426 $25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning & Development	-	-	-
434 Area Learning Center	68,938	68,939	(1)
435 Contracted Alt Programs	-	-	-
436 State Approved Alt Program	-	-	-
438 Gifted & Talented	-	-	-
441 Basic Skills Programs	49,179	49,180	(1)
449 Safe Schools Levy	49,186	49,185	1
450 Prekindergarten	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liab Not In Trust	-	-	-
453 Unfunded Sev & Retiremt Levy	-	-	-
459 Basic Skills Extended Time	-	-	-
467 Long Term Fac. Maint. (LTFM)	(391,767)	(391,767)	-
472 Medical Assistance	37,105	37,105	-
476 PILT	88,367	88,367	-
475 Title VII Impact Aid	-	-	-
476 Payment in Lieu of Taxes (PILT)	-	-	-
Restricted			
464 Restricted Fund Balance	-	-	-
Committed			
418 Committed for Separation	-	-	-
461 Committed	-	-	-
Assigned			
462 Assigned Fund Balance	153,229	153,229	-
Unassigned:			
422 Unassigned Fund Balance	8,412,409	8,412,406	3
Reconciliation of General	59,998,272	59,998,269	3
02 FOOD SERVICE			
Total Revenue	943,433	943,433	-
Total Expenditures	1,032,984	1,032,984	-
Non Spendable			
460 Non Spendable Fund Balance	41,735	41,735	-
Restricted			
464 Restricted Fund Balance	19,672	19,672	-
Unassigned			-
463 Unassigned Fund Balance	-	-	-
Reconciliation of Food Service	2,037,824	2,037,824	-
04 COMMUNITY SERVICE			
Total Revenue	357,526	357,526	-
Total Expenditures	484,940	484,939	1
Non Spendable			
460 Non Spendable Fund Balance	-	-	-
Restricted/Reserved:			
426 $25 Taconite	-	-	-
431 Community Education	373,050	373,050	-
432 E.C.F.E.	140,220	140,219	1
444 School Readiness	213,713	213,713	-
447 Adult Basic Education	-	-	-
452 OPEB Liab Not In Trust	-	-	-
Restricted			
464 Restricted Fund Balance	-	-	-

	Audit	UFARS	Variance
Unassigned			
463 Unassigned Fund Balance	(773,530)	(773,531)	1
Reconciliation of Community Service	795,919	795,916	3
06 BUILDING CONSTRUCTION			
Total Revenue	1,035	1,035	-
Total Expenditures	-	-	-
460 Non Spendable Fund Balance			
Restricted/Reserved:	-	-	-
407 Capital Projects Levy			
413 Projects Funded By COP	-	-	-
467 Long Term Fac. Maint. (LTFM)	-	-	-
464 Restricted Fund Balance	162,162	162,161	1
Unassigned:			
463 Unassigned Fund Balance	-	-	-
Reconciliation of Building Construction	163,197	163,196	1
07 DEBT SERVICE			
Total Revenue	1,931,389	1,931,389	-
Total Expenditures	1,955,500	1,955,500	-
Non Spendable			
460 Non Spendable Fund Balance	-	-	-
Restricted/Reserved:			
425 Bond Refundings	-	-	-
451 QZAB Payments	-	-	-
Restricted			
464 Restricted Fund Balance	400,461	400,461	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-
Reconciliation of Debt Service	4,287,350	4,287,350	
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Unassigned:			
422 Unassigned Fund Balance	-	-	-
Reconciliation of Trust			-
20 INTERNAL SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Unassigned:			
422 Unassigned Fund Balance	-	-	-
Reconciliation of Internal Service	-	-	-
25 OPEB REVOCABLE TRUST FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Unassigned:			
422 Unassigned Fund Balance	-	-	-
Reconciliation of OPEB Revocable Trust	-	-	-
45 OPEB IRREVOCABLE TRUST FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Unassigned:			
422 Unassigned Fund Balance	-	-	-
Reconciliation of OPEB Irrevocable Trust	-	-	-
47 OPEB DEBT SERVICE FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Non Spendable			
460 Non Spendable Fund Balance	-	-	-
Restricted			
464 Restricted Fund Balance	-	-	-
Unassigned			
463 Unassigned Fund Balance	-	-	-
Reconciliation of OPEB Debt Service	-	-	-

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

Kennedy & Graven
CHARTERED

Offices in
Minneapolis
Saint Paul
St. Cloud

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

$__________
INDEPENDENT SCHOOL DISTRICT NO. 115
(CASS LAKE-BENA PUBLIC SCHOOLS)
BELTRAMI, CASS, AND HUBBARD COUNTIES, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2023A

We have acted as bond counsel to Independent School District No. 115 (Cass Lake-Bena Public Schools), Beltrami, Cass, and Hubbard Counties, Minnesota (the "Issuer"), in connection with the issuance by the Issuer of its General Obligation School Building Bonds, Series 2023A (the "Bonds"), originally dated February ___, 2023, and issued in the original aggregate principal amount of $___________. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings, and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

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

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

included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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

5. The resolution adopted by the School Board of the Issuer on December 28, 2022, obligates the Issuer to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of that law against the State of Minnesota (the "State") in the absence of appropriated and available funds to pay the obligations of the State thereunder.

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

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

Dated _________________, 2023, at Minneapolis, Minnesota.

CA525-3-847693.v2

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

$___________
INDEPENDENT SCHOOL DISTRICT NO. 115
(CASS LAKE-BENA PUBLIC SCHOOLS)
BELTRAMI, CASS, AND HUBBARD COUNTIES, MINNESOTA
GENERAL OBLIGATION SCHOOL BUILDING BONDS
SERIES 2023A

CONTINUING DISCLOSURE CERTIFICATE

February ___, 2023

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Independent School District No. 115 (Cass Lake-Bena Public Schools), Beltrami, Cass, and Hubbard Counties, Minnesota (the "District"), in connection with the issuance of its General Obligation School Building Bonds, Series 2023A (the "Bonds"), in the original aggregate principal amount of $________. The Bonds are being issued pursuant to a resolution adopted by the School Board of the District (the "Resolution"). The Bonds are being delivered to [Purchaser][, as syndicate manager] (the "Purchaser"), on the date hereof. Pursuant to the Resolution, the District has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The District hereby covenants and agrees as follows:

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

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

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

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

"Bonds" means the General Obligation School Building Bonds, Series 2023A, issued by the District in the original aggregate principal amount of $________.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

"District" means Independent School District No. 115 (Cass Lake-Bena Public Schools), Beltrami, Cass, and Hubbard Counties, Minnesota, which is the obligated person with respect to the Bonds.

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

"Final Official Statement" means the Final Official Statement, dated ______________, 2023, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

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

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

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

"GASB" means the Governmental Accounting Standards Board.

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

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

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

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

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

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

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

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

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The District shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends June 30, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate, provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

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

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

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

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

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

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

Section 5. Reporting of Material Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 115 (CASS LAKE-BENA PUBLIC SCHOOLS), BELTRAMI, CASS, AND HUBBARD COUNTIES, MINNESOTA

____
Board Chair

____
Clerk

APPENDIX E

TERMS OF PROPOSAL

$39,750,000* GENERAL OBLIGATION SCHOOL BUILDING BONDS, SERIES 2023A INDEPENDENT SCHOOL DISTRICT NO. 115 (CASS LAKE-BENA), MINNESOTA

Proposals for the purchase of $39,750,000* General Obligation School Building Bonds, Series 2023A (the "Bonds") of Independent School District No. 115 (Cass Lake-Bena Public Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on January 25, 2023, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 5:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and a special election held November 8, 2022, by the District, for the purpose of financing the acquisition and betterment of school sites and facilities in the District. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated February 16, 2023, will be issued as fully registered Bonds in the denomination of $5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2025	$180,000	2032	$1,685,000	2039	$3,090,000
2026	225,000	2033	1,755,000	2040	3,230,000
2027	320,000	2034	2,505,000	2041	3,380,000
2028	365,000	2035	2,625,000	2042	3,530,000
2029	1,500,000	2036	2,730,000	2043	3,685,000
2030	1,530,000	2037	2,845,000		
2031	1,605,000	2038	2,965,000		

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The District has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the District. If only part of the Bonds having a common maturity date are called for redemption, then the District or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about February 16, 2023, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

SUBMISSION OF PROPOSALS

Proposals must not be for less than $39,750,000 plus accrued interest on the principal sum of $39,750,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

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

2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at https://ihsmarkit.com/products/municipal-issuance.html or via telephone (844) 301-7334.

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

A good faith deposit ("Deposit") in the amount of $795,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

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

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

(3) the District may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the School Board

Independent School District No. 115
(Cass Lake-Bena Public Schools), Minnesota

PROPOSAL FORM

The School Board **January 25, 2023**
Independent School District No. 115 (Cass Lake-Bena Public Schools), Minnesota (the "District")

RE: $39,750,000* General Obligation School Building Bonds, Series 2023A (the "Bonds")
DATED: February 16, 2023

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you $__________________ (not less than $39,750,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

________	% due	2025	________	% due	2032	________	% due	2039
________	% due	2026	________	% due	2033	________	% due	2040
________	% due	2027	________	% due	2034	________	% due	2041
________	% due	2028	________	% due	2035	________	% due	2042
________	% due	2029	________	% due	2036	________	% due	2043
________	% due	2030	________	% due	2037			
________	% due	2031	________	% due	2038			

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

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of $795,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about February 16, 2023.

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

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

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

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

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

Account Manager: ______________________________ By: ______________________________
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from February 16, 2023 of the above proposal is $_______________and the true interest cost (TIC) is __________%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 115 (Cass Lake-Bena Public Schools), Minnesota, on January 25, 2023.

By: ______________________________ By: ______________________________
Title: ______________________________ Title: ______________________________