

PRELIMINARY OFFICIAL STATEMENT DATED MAY 18, 2026

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

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

New Issue

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

INDEPENDENT SCHOOL DISTRICT NO. 256 (RED WING SCHOOLS), MINNESOTA (Goodhue County)

(Minnesota School District Credit Enhancement Program)

\$2,260,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2026A

PROPOSAL OPENING: May 26, 2026, 9:30 A.M., C.T.

CONSIDERATION: May 26, 2026, 5:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$2,260,000* General Obligation Facilities Maintenance Bonds, Series 2026A (the "Bonds"), are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Section 123B.595, as amended, by Independent School District No. 256 (Red Wing Schools), Minnesota (the "District"), to provide funds for roofing projects included in the District's ten-year facility plan approved by the Commissioner of Education. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: June 18, 2026

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2028	\$110,000	2032	\$230,000	2036	\$280,000
2029	185,000	2033	240,000	2037	285,000
2030	195,000	2034	250,000		
2031	220,000	2035	265,000		

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

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2027, and semiannually thereafter.

OPTIONAL

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

MINIMUM PROPOSAL: \$2,260,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$45,200 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).



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REPRESENTATIONS

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

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

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

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

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

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

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

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

CLOSING CERTIFICATES

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

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RED WING SCHOOLS SCHOOL BOARD

		<u>Term Expires</u>
Ryan Riester	Board Chair	January 2029
Jeremy Koenig	Vice Chair	January 2029
Jennifer Tift	Clerk	January 2029
Kayla Anderson	Treasurer	January 2029
Terese Bjornstad	Member	January 2027
Jim Bryant	Member	January 2027
Rachel Marshall Schoenfelder	Member	January 2027

ADMINISTRATION

Bob Jasczac, Superintendent of Schools
Christopher Muhvich, Director of Finance and Operations

PROFESSIONAL SERVICES

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

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 256 (Red Wing Schools), Minnesota (the "District") and the issuance of its \$2,260,000* General Obligation Facilities Maintenance Bonds, Series 2026A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on May 26, 2026.

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

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of June 18, 2026. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

*Preliminary, subject to change.

OPTIONAL REDEMPTION

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

AUTHORITY; PURPOSE

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

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$2,260,000	
Reoffering Premium	<u>152,332</u>	
Total Sources		\$2,412,332

Uses

Total Underwriter's Discount (1.250%)	\$28,250	
Costs of Issuance	57,000	
Capitalized Interest	66,497	
Deposit to Construction Fund	<u>2,260,585</u>	
Total Uses		\$2,412,332

*Preliminary, subject to change.

SECURITY

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

RATING

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

The District currently has an "A1" underlying rating from Moody's and will be requesting an underlying rating on this issue. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on March 24, 2026 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

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

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

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

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

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

"As of June 30, 2025, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2054, is approximately \$19,610,000,000. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of June 30, 2025, is currently estimated at \$3,155,000,000, with the maximum amount of principal and interest payable in any one month being \$1,253,600,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.

The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

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

On the date of issue and delivery 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. Except to the extent the foregoing deficiencies are deemed to be material, 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 the accuracy of certain representations and continuing compliance with certain covenants set forth in the Award Resolution, interest on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from the taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, interest on the Bonds is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporation" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

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

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

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

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

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

Legislative proposals

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

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

RISK FACTORS

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

Taxes: The Bonds 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 of Minnesota (the "State") may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy and collect property taxes.

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

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

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the 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.

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

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

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

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

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

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

Cybersecurity: The District is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact. In February, 2026, the District experienced a phishing scam in which an outside party gained access to an employee's email and resulted in \$42,153 being wired by the District to a fraudulent bank account. The District has cybersecurity and general liability insurance and is working with its insurance companies in an effort to recover the funds. Moving forward, the District will provide additional training for staff and implement increased wire verification procedures in an effort to mitigate potential issues in the future. This incident did not have a material adverse impact on the financial condition of the District.

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	2023/24	2024/25	2025/26
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 \$2,150,000 - 0.50% ² Over \$2,150,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$3,500,000 - 0.50% ² Over \$3,500,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$3,500,000 - 0.50% ² Over \$3,500,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - 0.75% Over \$174,000 - 0.25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: - 0.25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental - 0.25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

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

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

³ Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2024/25 Economic Market Value¹	<u>\$4,159,115,576²</u>
2025/26 Assessor's Estimated Market Value	
Real Estate	\$4,156,762,100
Personal Property	31,535,100
Total Valuation	<u>\$4,188,297,200</u>
2025/26 Net Tax Capacity	
Real Estate	\$51,953,874
Personal Property	599,726
Net Tax Capacity	\$52,553,600
Less: Captured Tax Increment Tax Capacity ³	(496,430)
Taxable Net Tax Capacity	<u>\$52,057,170</u>

2025/26 NET TAX CAPACITY BY CLASSIFICATION

	2025/26 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$16,399,424	31.21%
Agricultural	4,547,326	8.65%
Commercial/industrial	6,978,143	13.28%
Public utility	19,309,335	36.74%
Railroad operating property	156,548	0.30%
Non-homestead residential	4,362,932	8.30%
Commercial & residential seasonal/rec.	200,166	0.38%
Personal property	<u>599,726</u>	<u>1.14%</u>
Total	<u>\$52,553,600</u>	<u>100.00%</u>

¹ Most recent value available from the Minnesota Department of Revenue.

² According to the Minnesota Department of Revenue, the 2024/25 Assessor's Estimated Market Value (the "AEMV") for the District was about 97.31% of the actual selling prices of property sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in a 2024/25 Economic Market Value ("EMV") for the District of \$4,159,115,576.

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

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
2021/22	\$3,219,904,200	\$3,109,098,300	\$41,378,736	41,262,639	1.95%
2022/23	3,644,559,500	3,548,436,200	46,651,916	46,329,949	13.19%
2023/24	3,741,480,000	3,647,028,105	47,108,216	46,726,810	2.66%
2024/25	4,040,343,200	3,903,221,567	50,292,232	49,842,802	7.99%
2025/26	4,188,297,200	4,050,649,690	52,553,600	52,057,170	3.66%

LARGEST TAXPAYERS

Taxpayer	Type of Property	2025/26 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Xcel Energy	Utility	\$19,765,392	37.61%
Red Wing Shoe Company Inc.	Commercial	323,026	0.61%
Mayo Clinic Health System	Commercial	277,290	0.53%
Walmart	Commercial	214,880	0.41%
Scribe Propco Inc.	Industrial	203,550	0.39%
Menards	Commercial	196,382	0.37%
Keller-Baartman Properties V	Residential	182,500	0.35%
Red Wing Grain, LLC	Commercial	170,363	0.32%
DB Industries	Industrial	166,852	0.32%
Keller-Maartman Properties VI	Apartment	164,995	0.31%
Total		\$21,665,230	41.23%

District's Total 2025/26 Net Tax Capacity \$52,553,600

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

¹ Net Tax Capacity includes tax increment values.

² Taxable Net Tax Capacity does not include tax increment values.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids ² (includes the Bonds)*	<u>\$17,570,000</u>
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*Preliminary, subject to change.

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of the Goodhue County Education District No. 6051 (the "Education District"). The Education District issued its \$13,530,000 Taxable Refunding Certificates of Participation, Series 2020A on December 22, 2020, to refund the Education District's 2014 Certificates of Participation. The proceeds of the 2014 Certificates of Participation were used to acquire, construct, and equip a new education facility located in Red Wing, Minnesota. The District has a contractual obligation to make a portion of the debt service payments along with other member school districts. The allocation of the debt service payments is determined by agreement among the member school districts and calculated annually by Education District.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The District is considering a bond referendum in November 2026; if held and successful they plan to issue General Obligation School Building Bonds in 2027.

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.

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

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

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

Some school districts will also receive aid for debt service payments through the State School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minnesota Statutes, Section 273.1387). The reimbursement percentage for each qualifying property is 70% of the property's eligible net tax capacity multiplied by the school debt tax rate determined under Minnesota Statutes, Section 275.08, subdivision 1b. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, and to rural vacant land and managed forest land. The amount of agricultural credit received in the debt service fund for taxes payable 2025 is approximately 4.86% of total annual debt service levies, based on the District's 2024/25 qualifying agricultural land valuation.

BONDED DEBT LIMIT

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

2025/26 Assessor's Estimated Market Value	\$4,188,297,200
Multiply by 15%	0.15
Statutory Debt Limit	<u>\$628,244,580</u>
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	<u>(17,570,000)</u>
Unused Debt Limit*	<u><u>\$610,674,580</u></u>

*Preliminary, subject to change.

Independent School District No. 256 (Red Wing Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 06/18/2026)

	School Building Bonds Series 2016A		Facilities Maintenance Bonds Series 2022A		Facilities Maintenance Bonds Series 2026A							
Dated Amount	08/18/2016 \$21,935,000		06/23/2022 \$1,705,000		06/18/2026 \$2,260,000*							
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
2027	1,105,000	361,263	100,000	44,506	0	66,497	1,205,000	472,266	1,677,266	16,365,000	6.86%	2027
2028	1,150,000	317,063	105,000	41,506	110,000	107,350	1,365,000	465,919	1,830,919	15,000,000	14.63%	2028
2029	1,175,000	294,063	105,000	38,356	185,000	101,850	1,465,000	434,269	1,899,269	13,535,000	22.97%	2029
2030	1,200,000	269,094	110,000	35,206	195,000	92,600	1,505,000	396,900	1,901,900	12,030,000	31.53%	2030
2031	1,225,000	242,094	110,000	31,906	220,000	82,850	1,555,000	356,850	1,911,850	10,475,000	40.38%	2031
2032	1,255,000	213,000	115,000	28,606	230,000	71,850	1,600,000	313,456	1,913,456	8,875,000	49.49%	2032
2033	1,285,000	181,625	120,000	25,156	240,000	60,350	1,645,000	267,131	1,912,131	7,230,000	58.85%	2033
2034	1,320,000	149,500	125,000	21,406	250,000	48,350	1,695,000	219,256	1,914,256	5,535,000	68.50%	2034
2035	1,355,000	114,850	125,000	17,500	265,000	35,850	1,745,000	168,200	1,913,200	3,790,000	78.43%	2035
2036	1,390,000	78,265	130,000	13,438	280,000	22,600	1,800,000	114,303	1,914,303	1,990,000	88.67%	2036
2037	1,430,000	40,040	135,000	9,213	285,000	11,400	1,850,000	60,653	1,910,653	140,000	99.20%	2037
2038			140,000	4,690			140,000	4,690	144,690	0	100.00%	2038
	13,890,000	2,260,855	1,420,000	311,490	2,260,000	701,547	17,570,000	3,273,892	20,843,892			

* Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2025/26 Taxable Net Tax Capacity	% In District	Total G.O. Debt ²	District's Proportionate Share
Goodhue County	\$116,550,553	44.6649%	\$7,840,000	\$3,501,728
City of Red Wing	42,606,273	100.0000%	5,090,000	<u>5,090,000</u>
District's Share of Total Overlapping Debt				<u><u>\$8,591,728</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$4,159,115,576	Debt/ Per Capita 19,923 ³
Total G.O. Debt paid from Taxes and State Aids*	\$17,570,000		
Less: Agricultural Credit ⁴	<u>(853,902)</u>		
Tax Supported General Obligation Debt*	\$16,716,098	0.40%	\$839.04
District's Share of Total Overlapping Debt	<u>\$8,591,728</u>	<u>0.21%</u>	<u>\$431.25</u>
Total*	<u><u>\$25,307,826</u></u>	<u><u>0.61%</u></u>	<u><u>\$1,270.28</u></u>

*Preliminary, subject to change.

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

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

³ Estimated 2024 population.

⁴ Based on current State law and statistics, the State of Minnesota is estimated to pay approximately 4.86% of the principal and interest of the District's general obligation bonds. Assuming this percentage continues for the life of the issue, the State's proportionate share of principal is \$853,902.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date	% Collected
2021/22	\$10,630,979	\$10,572,336	\$10,625,501	99.95%
2022/23	11,078,418	11,016,605	11,066,250	99.89%
2023/24	10,677,896	10,599,712	10,655,881	99.79%
2024/25	10,253,366	10,185,472	10,185,472	99.34%
2025/26	10,086,625	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.

TAX CAPACITY RATES³

	2021/22	2022/23	2023/24	2024/25	2025/26
I.S.D. No. 256 (Red Wing Schools)	10.304%	9.879%	9.279%	8.508%	8.398%
Goodhue County	47.181%	42.863%	42.023%	40.832%	42.011%
City of Red Wing	68.350%	61.032%	67.239%	66.968%	66.031%
Town of Vasa ⁴	16.151%	14.863%	13.183%	11.842%	11.221%
BCWS	0.774%	0.691%	0.600%	0.550%	0.530%
Red Wing HRA	1.270%	1.255%	1.346%	1.302%	1.279%
Red Wing Port Authority	1.124%	1.328%	1.319%	1.333%	1.318%
SEMMCHRA	0.806%	0.696%	0.991%	0.527%	0.523%

Referendum Market Value Rates:

I.S.D. No. 256 (Red Wing Schools)	0.22865%	0.20628%	0.20010%	0.17779%	0.16320%
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Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Goodhue County.

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 15 of each year.

³ After reduction for State aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

⁴ Representative town rate.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 363, including 187 non-licensed employees and 176 licensed employees (161 of whom are teachers). The District provides education for 2,206 students in grades kindergarten through twelve.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

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

Public Employees' Retirement Association (PERA)

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

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Custodial Personnel - Teamsters	June 30, 2027
Teachers - Ed Minnesota	June 30, 2027
Education Support Personnel - Ed Minnesota	June 30, 2027

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent Audited Financial Statements (Audit) shows a total OPEB liability of \$3,694,729 as of July 1, 2025. The District has been funding these obligations on a pay-as-you-go basis.

Source: The District's most recent Audit.

STUDENT BODY

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2021/22	173	1,132	1,228	2,533
2022/23	173	1,070	1,158	2,401
2023/24	163	1,064	1,128	2,355
2024/25	146	1,011	1,112	2,269
2025/26	140	965	1,101	2,206

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

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2026/27	152	911	1,059	2,122
2027/28	151	894	1,024	2,069
2028/29	150	866	1,012	2,028

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Burnside Elementary	1994	--
Sunnyside Elementary	1956	1967, 1989
Twin Bluff Middle School	1969	--
Red Wing High School	1995	--
Colvill Family Center	1937	1966, 1995
District Pole Shed	1950	--
Prairie Island Arena	2000	--

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

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

FUNDS ON HAND (as of February 28, 2026)

Fund	Total Cash and Investments
General	\$14,998,709
Food Service	927,546
Community Service	249,151
Debt Service	218,099
OPEB Irrevocable Trust	7,016,959
Trust & Agency	(378,047)
Internal Service	<u>43,168</u>
Total Funds on Hand	<u><u>\$23,075,585</u></u>

BUDGET SUMMARY

Fund	June 30, 2025 Actual Fund Balance	2025-26 Projected Revenues and Transfers In	2025-26 Projected Expenditures and Transfers Out	2025-26 Revenues over (under) expenditures	June 30, 2026 Projected Fund Balance
General	\$12,197,431	\$40,653,881	(\$40,577,745)	\$76,136	\$12,273,567
Food Service	947,465	2,124,050	(2,135,547)	(11,497)	935,968
Community Service	816,354	2,786,675	(3,033,521)	(246,846)	569,508
Debt Service	925,195	1,658,245	(1,619,369)	38,876	964,071
Trust Fund	100,847	689,250	(689,250)	0	100,847
Internal Service Fund	56,423	105,000	(115,000)	(10,000)	46,423
OPEB Irrevocable Trust Fund	7,719,283	700,000	(957,000)	(257,000)	7,462,283
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Funds	<u><u>\$22,762,998</u></u>	<u><u>\$48,717,101</u></u>	<u><u>(\$49,127,432)</u></u>	<u><u>(\$410,331)</u></u>	<u><u>\$22,352,667</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the 2025 audited financial statements.

	FISCAL YEAR ENDING JUNE 30				
COMBINED STATEMENT	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited
Revenues					
Local property taxes	\$9,493,076	\$8,963,280	\$8,502,616	\$8,821,705	\$8,598,506
Other local and county revenues	1,166,803	1,212,726	1,816,095	1,275,734	1,764,622
Revenue from state sources	25,545,804	25,477,574	24,475,273	27,902,122	29,208,935
Revenue from federal sources	2,701,300	2,608,190	1,547,788	1,235,116	923,219
Sales and other conversion of assets	41	37	1,425	0	0
Student activities	98,653	105,913	52,062	0	0
Earnings and investments	58,042	(43,292)	279,147	289,730	474,699
Total Revenues	\$39,063,719	\$38,324,428	\$36,674,406	\$39,524,407	\$40,969,981
Expenditures					
Administration	\$1,434,427	\$1,689,007	\$1,647,926	\$1,697,033	\$1,585,368
District support services	981,104	973,195	1,081,284	1,341,334	1,216,609
Elementary and secondary regular instruction	14,188,491	13,992,004	13,491,343	14,759,837	14,458,746
Vocational education instruction	877,351	835,495	858,772	933,146	733,703
Special education instruction	7,295,052	7,536,020	7,925,599	8,163,943	8,061,377
Instructional support services	2,162,143	2,405,420	2,075,015	2,259,388	2,041,164
Pupil support services	3,838,753	4,093,532	4,158,611	3,973,150	3,996,122
Sites and buildings	4,158,467	4,325,086	4,392,560	4,838,292	4,255,051
Student activities	777,770	902,257	1,009,564	0	0
Fiscal and other fixed cost programs	170,761	177,447	237,039	265,446	447,094
Debt service	94,734	136,740	133,640	85,732	61,603
Capital outlay	894,041	525,131	688,087	281,640	399,592
Total Expenditures	\$36,873,094	\$37,591,334	\$37,699,440	\$38,598,941	\$37,256,429
Excess of revenues over (under) expenditures	\$2,190,625	\$733,094	(\$1,025,034)	\$925,466	\$3,713,552
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	\$3,783	\$25,000	\$251	\$0	\$0
Proceeds from the sale of equipment	0	0	0	0	3,015
Insurance recovery	0	18,962	0	11,719	0
Right to use lease proceeds	0	0	0	72,554	0
Total Other Financing Sources (Uses)	\$3,783	\$43,962	\$251	\$84,273	\$3,015
Net changes in Fund Balances	\$2,194,408	\$777,056	(\$1,024,783)	\$1,009,739	\$3,716,567
General Fund Balance July 1	\$5,524,445	\$7,718,853	\$8,495,909	\$7,471,126	\$8,480,865
General Fund Balance June 30	\$7,718,853	\$8,495,909	\$7,471,126	\$8,480,865	\$12,197,432
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	\$400,838	\$458,360	\$418,882	\$385,321	\$345,779
Restricted	1,793,196	2,114,770	2,228,504	1,791,268	3,305,560
Committed	0	0	0	280,235	252,225
Assigned	171,266	205,653	215,167	246,615	424,457
Unassigned	5,353,553	5,717,126	4,608,573	5,777,426	7,869,411
Total	\$7,718,853	\$8,495,909	\$7,471,126	\$8,480,865	\$12,197,432

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 19,804 and a 2024 population estimate of 19,923, comprising an area of 41.19 square miles and is approximately 55 miles southeast of St. Paul, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Treasure Island Resort & Casino	Casinos, resort and restaurant	1,500
Prairie Island Nuclear Power	Power plant	600
Mayo Clinic Health Systems- Oncology	Medical center and clinic	400
Goodhue County	County government and services	390
I.S.D. No. 256 (Red Wing Schools)	Elementary and secondary education	363
Welch Village Resort	Skiing center and resort	300
Minnesota Correctional	Correctional institution	233
3M	Manufacturing	220 ²
Menards	Home improvement store	200
Red Wing Store	Shoe and clothing retailer	200

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

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	19,576
2020 U.S. Census population	19,804
Percent of Change 2010 - 2020	1.16%
2024 State Demographer Estimate	19,923

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.

² 3M no longer gives out employee count.

Income and Age Statistics

	The District	Goodhue County	State of Minnesota	United States
2024 per capita income	\$43,265	\$43,250	\$48,237	\$44,673
2024 median household income	\$73,886	\$84,171	\$89,062	\$80,734
2024 median family income	\$98,623	\$108,234	\$113,993	\$99,999
2024 median gross rent	\$974	\$966	\$1,280	\$1,413
2024 median value owner occupied units	\$254,400	\$285,100	\$329,300	\$332,700
2024 median age	42.6 yrs.	42.5 yrs.	38.8 yrs.	38.9 yrs.

	State of Minnesota	United States
District % of 2024 per capita income	89.69%	96.85%
District % of 2024 median family income	86.52%	98.62%

Source: 2010 and 2020 Census of Population and Housing, and 2024 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>) and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-place/school-district-data.jsp>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Goodhue County	Goodhue County	State of Minnesota
2022	24,389	2.5%	2.5%
2023	24,800	2.8%	2.8%
2024	25,107	3.2%	3.1%
2025	25,424	3.9%	3.9%
2026, March	24,789	5.2%	4.9%

Source: Minnesota Department of Employment and Economic Development.

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.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
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INDEPENDENT SCHOOL DISTRICT NO. 256
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INTRODUCTORY SECTION

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
BOARD OF EDUCATION AND ADMINISTRATION
YEAR ENDED JUNE 30, 2025**

BOARD OF EDUCATION

Ryan Riester	Chair
Jeremy Koenig	Vice Chair
Jennifer Tift	Clerk
Kayla Anderson	Treasurer
Jim Bryant	Director
Terese Bjornstad	Director
Rachel Marshall Schoenfelder	Director

* * * * *

ADMINISTRATION

Bob Jaszczak	Superintendent
Chris Muhvich	Director of Finance

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Red Wing Public Schools
Independent School District No. 256
Red Wing, 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 Red Wing Public Schools Independent School District No. 256 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS 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, the General Fund budgetary comparison information, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Pension Contributions 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 GAAS, 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 nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances, the proprietary funds combining statement of net position, the proprietary funds combining statement of revenues, expenses, and changes in net position, the proprietary funds combining statement of cash flows, the Food Service Fund budgetary comparison information, the Community Service Fund budgetary comparison information, and the Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the nonmajor governmental funds combining balance sheet and combining statement of revenues, expenditures and changes in fund balances, the proprietary funds combining statement of net position, the proprietary funds combining statement of revenues, expenses, and changes in net position, the proprietary funds combining statement of cash flows, the Food Service Fund budgetary comparison information, the Community Service Fund budgetary comparison information, and the Uniform Financial Accounting and Reporting Standards Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' 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 23, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Rochester, Minnesota
December 23, 2025

REQUIRED SUPPLEMENTARY INFORMATION

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

This section of Independent School District No. 256's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024-25 include the following:

- The assets and deferred outflows of resources of the School exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages.
- The School's total net position increased as shown in the summary of changes in net position on the following pages.
- As of the close of the current fiscal year, the School's governmental fund balances are shown in the Financial Analysis of the School's funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was primarily related to revenue and expenditures less than budgeted.
- At the end of the current fiscal year, unassigned fund balance for the General fund, as shown in the financial analysis of the School's funds section, increased from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of the following:

- Management's Discussion and Analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to the financial statements;
- Required supplementary information; and
- Supplementary information

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

- **Government-Wide Financial Statements** – The government-wide financial statements, including the Statement of Net Position and Statement of Activities, are designed to provide short-term and long-term information about the District's overall financial status, using accounting methods similar to those used by private sector companies.
- **Fund Financial Statements** – The fund financial statements focus on individual parts of the District, reporting the District's operation in more detail than the government-wide financial statements. The District maintains three groups of fund financial statements:

Governmental Funds Statements – Governmental funds statements review how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Proprietary Funds Statements – Proprietary funds statements offer short-term and long-term financial information about the activities the District operates like a business.

Fiduciary Funds Statements – Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

GOVERNMENT-WIDE STATEMENTS

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, 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.

The fund financial statements provide more detailed information about the District's funds - focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes.

The District maintains three kinds of funds:

- **Governmental Funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE STATEMENTS (CONTINUED)

- **Proprietary Funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- The District uses proprietary funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has two proprietary funds; internal service funds which charge the District's activities for the operation of the District's medical clinic and repairing or replacing student Chromebooks.
- **Fiduciary Funds** – *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the custodial funds and the other postemployment benefit trust fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's total net position from Governmental activities was a positive \$5,591,873 on June 30, 2024. (See Table A-1) This represents an increase in net position of \$4,176,192.

**Table A-1
The District's Net Position**

	Governmental Activities as of June 30,		Percentage Change
	2025	2024	
Assets:			
Current and Other Assets	\$ 32,636,200	\$ 31,365,410	4.05 %
Capital Assets	24,106,817	26,141,096	(7.78)
Total Assets	56,743,017	57,506,506	(1.33)
Deferred Outflows of Resources	4,615,039	6,152,835	(24.99)
Liabilities:			
Current Liabilities	4,717,159	7,382,014	(36.10)
Long-Term Liabilities	32,912,618	40,146,505	(18.02)
Total Liabilities	37,629,777	47,528,519	(20.83)
Deferred Inflows of Resources	18,136,406	14,715,141	23.25
Net Position:			
Net Investment in Capital Assets	7,022,681	7,638,363	(8.06)
Restricted	10,028,115	8,015,797	25.10
Unrestricted	(11,458,923)	(14,238,479)	(19.52)
Total Net Position	\$ 5,591,873	\$ 1,415,681	295.00

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The District's net position reflects its net investment in capital assets (e.g., land, buildings and furniture and equipment) decreased to \$7,022,681. The restricted category of the District's net position represents those resources that are restricted as to how they may be used, such as state mandated reserves, capital assets acquisition and debt service payments.

You will note that our total net position increased to \$5,591,873 in 2024-25. The increase in the unrestricted net position is primarily due to the changes in actuarial assumptions of the Minnesota Teachers Retirement Association (TRA) pension liability.

Total revenues surpassed expenses, increasing net position \$4,176,192 over the prior year.

**Table A-2
Change in Net Position**

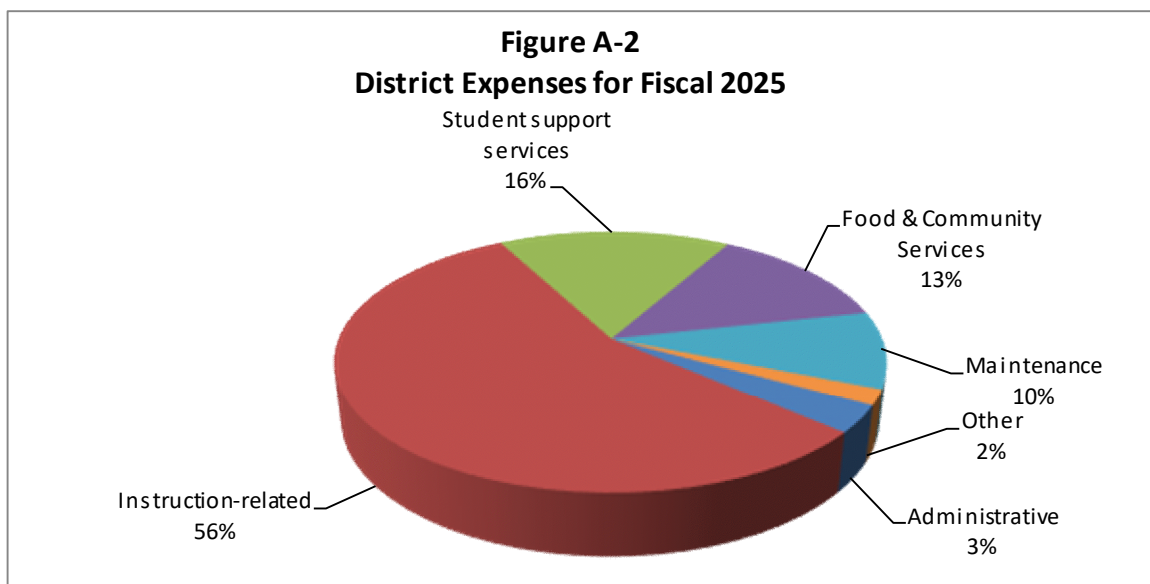
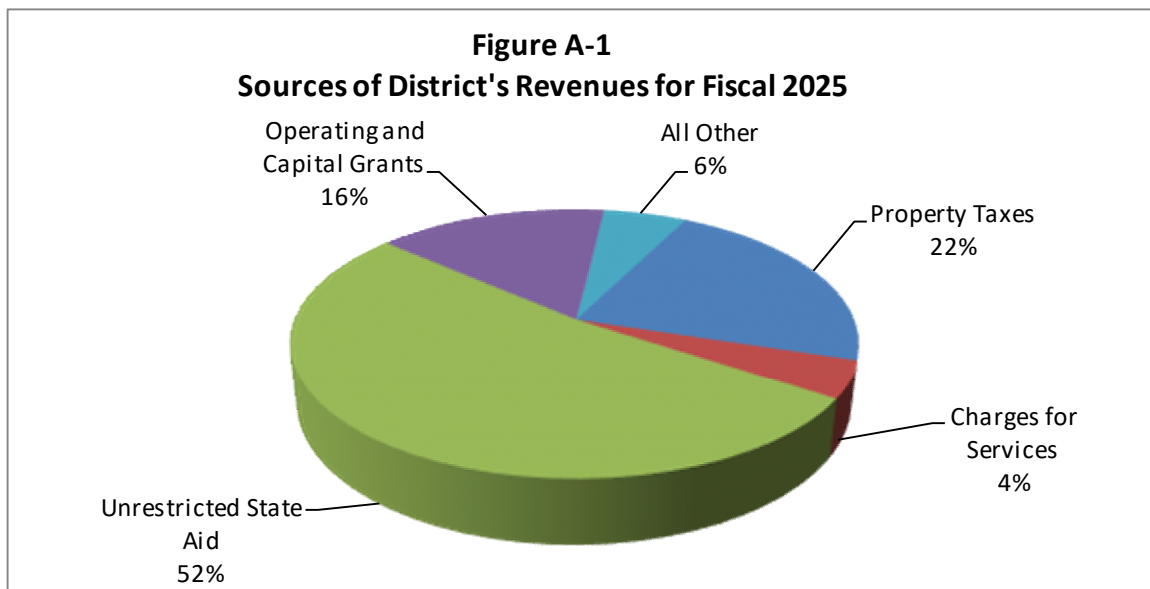
	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2025	2024	
Revenues			
Program Revenues:			
Charges for Services	\$ 2,162,597	\$ 1,835,422	17.83 %
Operating Grants and Contributions	7,443,581	7,149,070	4.12
Capital Grants and Contributions	84,623	162,286	(47.86)
General Revenues:			
Property Taxes	10,858,015	11,170,517	(2.80)
Unrestricted State Aid	25,295,583	24,312,542	4.04
Investment Earnings	560,158	469,233	19.38
Other	2,168,828	1,599,684	35.58
Total Revenues	48,573,385	46,698,754	4.01
Expenses			
Administration	1,505,973	1,559,605	(3.44)
District Support Services	1,062,032	1,440,223	(26.26)
Regular Instruction	16,178,654	15,324,786	5.57
Vocational Education Instruction	702,414	867,958	(19.07)
Special Education Instruction	7,854,723	7,826,354	0.36
Instructional Support Services	2,262,053	2,504,655	(9.69)
Pupil Support Services	3,833,086	3,864,150	(0.80)
Sites and Buildings	4,262,652	4,667,530	(8.67)
Fiscal and Other Fixed Cost Programs	447,094	265,446	68.43
Food Service	2,154,903	1,993,025	8.12
Community Service	3,741,082	3,005,499	24.47
Interest and Fiscal Charges on			
Long-Term Liabilities	392,527	541,487	(27.51)
Total Expenses	44,397,193	43,860,718	1.22
Change in Net Position	4,176,192	2,838,036	
Net Position - Beginning of Year	1,415,681	(1,422,355)	
Net Position - End of Year	<u>\$ 5,591,873</u>	<u>\$ 1,415,681</u>	

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in net position. The District's total revenues were \$48,573,385 for the year ended June 30, 2025. Property taxes and state formula aid accounted for 74% of total revenue for the year. (See Figure A-1). Another 20% came from program revenues. Investment earnings and other general revenues accounted for 6% of total revenue for the year.

The total cost of all programs and services was \$44,397,193. The District's total expenses are predominantly related to educating and supporting students (72%) (See Figure A-2.) The administrative activities of the District accounted for 3% of total expenses.



**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

- The cost of all governmental activities this year was \$44,397,193 which is \$536,475 or 1.22% more than the prior year.
- Some of the expenses were paid by the patrons of the District's programs \$2,162,597.
- The federal and state governments subsidized certain programs with grants and contributions \$7,528,204.
- Local property taxes financed \$10,858,015, state aid based on legislatively authorized formulas funded \$25,295,583, and investment earnings and other general revenues provided \$2,728,986 in revenue.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2025	2024		2025	2024	
Administration	\$ 1,505,973	\$ 1,559,605	(3.44)%	\$ 1,506,595	\$ 1,552,151	(2.94)%
District Support Services	1,062,032	1,440,223	(26.26)	1,061,963	1,440,147	(26.26)
Regular Instruction	16,178,654	15,324,786	5.57	11,089,328	10,324,248	7.41
Vocational Education Instruction	702,414	867,958	(19.07)	701,507	862,672	(18.68)
Special Education Instruction	7,854,723	7,826,354	0.36	7,856,792	7,803,428	0.68
Instructional Support Services	2,262,053	2,504,655	(9.69)	2,151,496	2,313,694	(7.01)
Pupil Support Services	3,833,086	3,864,150	(0.80)	3,833,265	3,860,039	(0.69)
Sites and Buildings	4,262,652	4,667,530	(8.67)	4,145,951	4,595,751	(9.79)
Fiscal and Other Fixed Cost Programs	447,094	265,446	68.43	447,094	265,446	68.43
Food Service	2,154,903	1,993,025	8.12	(235,320)	(60,715)	287.58
Community Service	3,741,082	3,005,499	24.47	1,755,194	1,215,592	44.39
Interest and Fiscal Charges on Long-Term Liabilities	392,527	541,487	(27.51)	392,527	541,487	(27.51)
Total	<u>\$ 44,397,193</u>	<u>\$ 43,860,718</u>	1.22	<u>\$ 34,706,392</u>	<u>\$ 34,713,940</u>	(0.02)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds, reported a combined fund balance of \$14,946,444 which is an increase of \$3,885,455 from the prior year ending fund balance of \$11,060,989.

Revenues and other financing sources for the District's governmental funds were \$48,647,717 while total expenditures and other financing uses were \$44,762,262, resulting in revenues exceeding expenditures by \$3,885,455. This is primarily due to unfilled staff positions.

GENERAL FUND

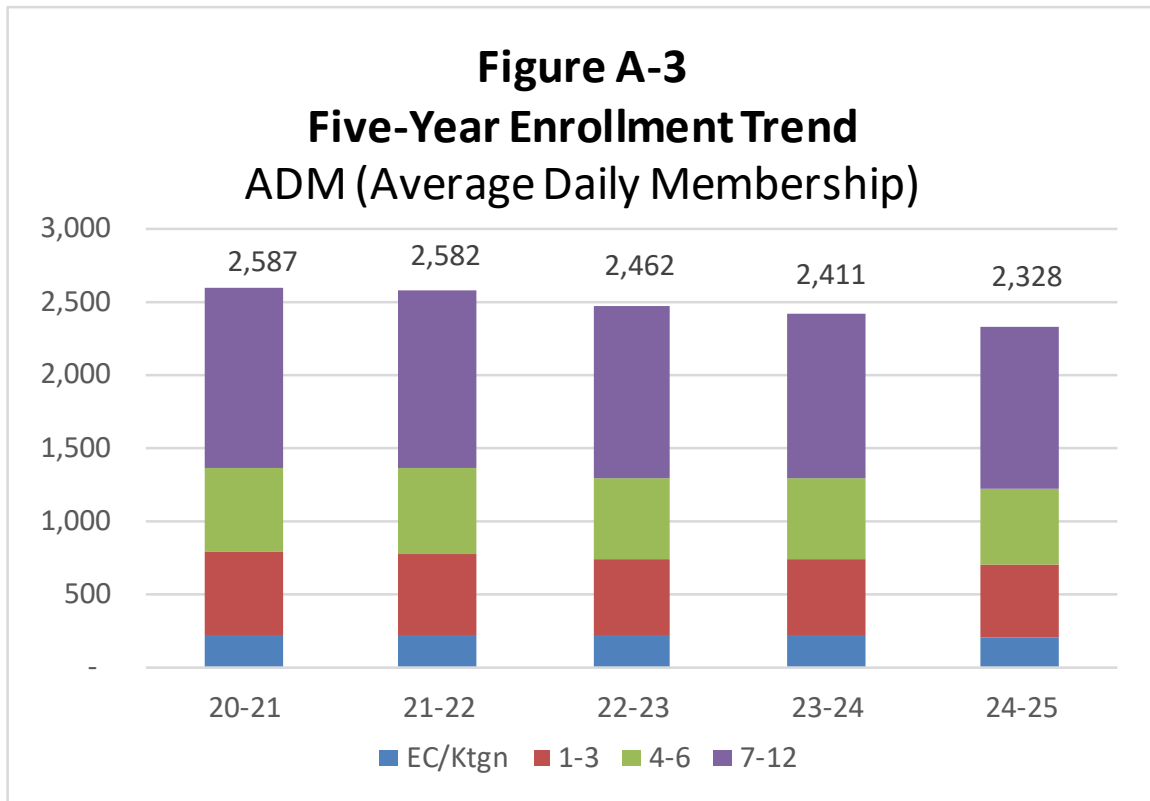
The General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

Funding for Minnesota school districts is largely driven by enrollment. Over the last five years, the District's enrollment has declined slightly in the number of students. Based on past historical trends and using a traditional cohort survival technique, the District anticipates that the total number of students will continue to decline.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

The following graph shows that the number of students has been decreasing slightly over the last few years.



The following schedule presents a summary of General Fund Revenues.

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 8,598,506	\$ 8,821,705	\$ (223,199)	(2.5)%
Earnings on Investments	474,699	289,730	184,969	63.8
Other	1,764,622	1,275,734	488,888	38.3
State Sources	29,208,935	27,902,122	1,306,813	4.7
Federal Sources	923,219	1,235,116	(311,897)	(25.3)
Total General Fund Revenue	<u>\$ 40,969,981</u>	<u>\$ 39,524,407</u>	<u>\$ 1,445,574</u>	3.7

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

Total General Fund Revenues increased by \$1,445,574 or 3.7% from the previous year. This increase is related to additional compensatory aid as well as increased special education state revenue. Other sources and federal revenue decreased due to reduction in grant funds and the ending of the federal relief funds. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue.

The following schedule presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

	Year Ended		Amount of	Percent
	June 30, 2025	June 30, 2024	Increase (Decrease)	Increase (Decrease)
Salaries	\$ 17,955,413	\$ 18,897,359	\$ (941,946)	(5.0)%
Employee Benefits	6,020,217	6,100,684	(80,467)	(1.3)
Purchased Services	10,879,597	11,376,763	(497,166)	(4.4)
Supplies and Materials	1,720,396	1,633,468	86,928	5.3
Capital Expenditures	399,592	281,640	117,952	41.9
Other Expenditures	281,214	309,027	(27,813)	(9.0)
Total Expenditures	<u>\$ 37,256,429</u>	<u>\$ 38,598,941</u>	<u>\$ (1,342,512)</u>	(3.5)

Total General Fund expenditures decreased \$1,342,512 or 3.5%. The District saw decreased expenditures in salaries, employee benefits and purchased services. The District saw increased supplies, capital and other expenditures.

In 2024-25, General Fund revenues and other financing sources were more than expenditures by \$3,713,552 or 9.96%% of total expenditures. After deducting statutory restrictions, the unassigned fund balance increased from \$5,785,701 at June 30, 2024 to \$7,869,410 at June 30, 2025, an increase of \$2,083,709. The unassigned fund balance represents 21.12% of general fund expenditures. The Board of Education designated a minimum of 5%.

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1), referred to as the preliminary budget. Over the course of the year, the District chose to revise the preliminary budget to account for changes in estimates that were used in planning the preliminary budget.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights (Continued)

The District's final budget for the General Fund anticipated that revenues and other financing sources would be more than expenditures by \$176,200. The actual results show revenues and other financing sources exceeded expenditures by \$3,716,567

- Actual revenues and other financing sources were \$1,304,628 more than expected. This was primarily related to an increase in the districts special education aid.
- Actual expenditures were \$2,235,739 less than expected. This was primarily related to unfilled positions, actual health insurance costs and actual purchased services less than expected.

**Table A-6
General Fund Budget to Actual**

	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>	<u>Percent Over (Under)</u>
Revenue and Other Financing Sources	\$ 39,668,368	\$ 40,972,996	\$ 1,304,628	3.2 %
Expenditures and Other Financing Uses	39,492,168	37,256,429	(2,235,739)	(6.0)
Total	<u>\$ 176,200</u>	<u>\$ 3,716,567</u>	<u>\$ 3,540,367</u>	

DEBT SERVICE FUND

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the district to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

The Debt Service Fund Balance increased by \$12,713 in 2024-25. The Minnesota Department of Education monitors fund balances in the Debt Service Fund and limits the amount of funds that can be carried forward. If the fund balance gets too high, future levy authority will be reduced in order to reduce the debt service fund balance to a reasonable level. The June 30, 2025, fund balance of \$925,195 plus future levies that include an additional 5% levy to cover late or delinquent property tax payments will provide adequate cash flow for timely payment of principal and interest.

The District's current general obligation bond rating from Standard and Poor's is A2. The district is enrolled in the MN School District Credit Enhancement Program which allows Minnesota school districts which have levy authority to issue statutorily specified debt instruments at a lower interest rate by extending the state's credit rating to school districts.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

NONMAJOR FUNDS

Food Service Fund

The Food Service Fund accounts for the activities related to providing nutrition services to the Pre-K-12 academic program. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the district. By operating in this manner, the Child Nutrition Services program is self-contained and does not pull resources away from direct Pre-K-12 instruction. The District served 273,131 lunches and 102,909 breakfasts to students, in addition to a la carte sales and summer programming meals during the 2024-25 school year.

The fund balance increased by \$266,601 to \$1,007,463 during 2024-25. Food Service Fund Revenues for 2024-25 totaled \$2,293,962. This was an increase of \$226,601 or approximately 36% from 2023-24. The reimbursement rate for meals from the federal government was higher in 2023-24.

Food Service Fund Expenditures for 2024-25 totaled \$2,154,903. This was an increase of \$161,878 or 8.12% from 2023-24. The Child Nutrition department had planned capital expenditures to reduce the fund balance to the federally required level. Operations in 2024-25 reflected pre-pandemic levels with the increase in food and supply costs noted.

Community Service Fund

The Community Service Fund accounts for the activities related to providing lifelong learning, recreation, and community involvement. They provide programming for all ages. The fund is self-sustaining and helps support many District programs and initiatives.

Community Service Fund Revenues for 2024-25 totaled \$3,437,583. This was a increase of \$322,607 or 10.35% from 2023-24.

Community Service Fund Expenditures for 2024-25 totaled \$3,526,011. This was a increase of \$564,340 or 19.05% from 2023-24.

The fund balance decreased from \$904,780 on June 30, 2024 to \$816,354 on June 30, 2025. The majority of the fund balance is reserved for specific purposes.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, the District had invested \$94,595,692 in a broad range of capital assets, including school buildings; land, technology equipment, and other equipment for various instructional programs (see Table A-7). The capital assets for Right-to-Use Equipment assets and accumulated amortization relates to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* in fiscal year 2021-22. The change in capital assets for Right-to-Use Software assets and accumulated amortization relates to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* in fiscal year 2023-23. Total accumulated depreciation and amortization as of June 30, 2025 was \$70,488,875. The current year depreciation and amortization expense for Governmental Activities totaled \$2,618,817. More detailed information about capital assets can be found in Note 3 to the financial statements.

**Table A-7
Capital Assets**

	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
Land	\$ 1,771,785	\$ 1,771,785	-
Land Improvements	4,269,442	4,269,442	-
Buildings and Improvements	70,151,048	70,063,670	0.1
Equipment	18,157,510	17,660,350	2.8
Less: Accumulated Depreciation	(70,365,922)	(67,782,235)	3.8
Right-to-Use Equipment	245,907	245,907	-
Less: Accumulated Amortization	(122,953)	(87,823)	40.0
Total District Capital Assets	<u>\$ 24,106,817</u>	<u>\$ 26,141,096</u>	(7.8)

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

For the fiscal year ended June 30, 2025, the District had \$18,378,072 in long-term liabilities outstanding. This is a decrease of 7.3% from the prior year (see Table A-8). More detailed information about the District's long-term liabilities is presented in Note 4 of the financial statements..

**Table A-8
The District's Long-Term Liabilities**

	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 16,475,000	\$ 17,785,000	(7.4)%
Net Bond Premium and Discount	366,736	427,819	(14.3)
Leases Payable	173,991	221,505	(21.5)
Compensated Absences Payable	1,362,345	928,563	46.7
Total Long-Term Liabilities	<u>\$ 18,378,072</u>	<u>\$ 19,362,887</u>	(5.1)
Long-Term Liabilities:			
Due Within One Year	\$ 1,264,419	\$ 1,406,170	
Due in More Than One Year	17,113,653	17,956,717	
Total	<u>\$ 18,378,072</u>	<u>\$ 19,362,887</u>	

OTHER SELECTED INFORMATION

The government-wide financial statements now recognize liabilities for severance pay, compensated absences, pensions and other postemployment benefits. This liability does include an amount for future health benefit costs to employees who have not retired as of June 30, 2025. The District sold Other Post Employment Benefits (OPEB) bonds in 2009 and have fully paid these bonds. The proceeds of the bonds are placed in an Irrevocable Trust for payment of the future OPEB plan. More detailed information about the District's OPEB Plan is presented in Note 9 of the financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Independent School District No. 256, 2451 Eagle Ridge Drive, Red Wing, Minnesota 55066.

BASIC FINANCIAL STATEMENTS

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities <u>2025</u>
ASSETS	
Cash and Investments	\$ 18,245,284
Receivables:	
Property Taxes	5,137,268
Other Governments	3,325,712
Leases	555,949
Other	92,187
Due from Other Postemployment Benefits Trust	773,364
Prepaid Items	345,779
Inventories	59,998
Other Postemployment Benefits Asset	4,100,659
Capital Assets:	
Land and Construction in Progress	1,771,785
Other Capital Assets, Net of Depreciation and Amortization	<u>22,335,032</u>
Total Assets	56,743,017
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	4,213,001
Other Postemployment Benefits Related	<u>402,038</u>
Total Deferred Outflows	4,615,039
LIABILITIES	
Salaries Payable	2,323,092
Accounts Payable	557,911
Accrued Interest	188,070
Due to Other Governmental Units	274,297
Unearned Revenue	109,370
Long-Term Liabilities:	
Long-Term Liabilities - Due Within One Year	1,264,419
Long-Term Liabilities - Due in More Than One Year	17,113,653
Net Pension Liability	<u>15,798,965</u>
Total Liabilities	37,629,777
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	9,714,434
Deferred Lease Resources	545,945
Pension Related	7,617,115
Other Postemployment Benefits Related	<u>258,912</u>
Total Deferred Inflows of Resources	18,136,406
NET POSITION	
Net Investment in Capital Assets	7,022,681
Restricted for:	
Other Post Employment Benefit	4,100,659
Operating Capital Purposes	-
State-Mandated Reserves	3,305,560
Food Service	1,007,463
Community Service	865,876
Capital Projects - Building Construction	-
Debt Service	748,557
Unrestricted	<u>(11,458,923)</u>
Total Net Position	<u><u>\$ 5,591,873</u></u>

See accompanying Notes to Basic Financial Statements.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	\$ 1,505,973	\$ -	\$ (622)	\$ -	\$ (1,506,595)
District Support Services	1,062,032	-	69	-	(1,061,963)
Regular Instruction	16,178,654	342,553	4,746,773	-	(11,089,328)
Vocational Education Instruction	702,414	1,315	(408)	-	(701,507)
Special Education Instruction	7,854,723	-	(2,069)	-	(7,856,792)
Instructional Support Services	2,262,053	30,184	(490)	80,863	(2,151,496)
Pupil Support Services	3,833,086	43	(222)	-	(3,833,265)
Sites and Buildings	4,262,652	112,739	202	3,760	(4,145,951)
Fiscal and Other Fixed Cost Programs	447,094	-	-	-	(447,094)
Food Service	2,154,903	293,418	2,096,805	-	235,320
Community Service	3,741,082	1,382,345	603,543	-	(1,755,194)
Interest and Fiscal Charges on Long-Term Liabilities	392,527	-	-	-	(392,527)
Total School District	<u>\$ 44,397,193</u>	<u>\$ 2,162,597</u>	<u>\$ 7,443,581</u>	<u>\$ 84,623</u>	(34,706,392)
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					8,605,415
Community Service					572,980
Debt Service					1,679,620
State Aid Not Restricted to Specific Purposes					25,295,583
Earnings on Investments					560,158
Miscellaneous					2,165,813
Gain on Sale of Capital Assets					3,015
Total General Revenues					<u>38,882,584</u>
CHANGE IN NET POSITION					4,176,192
Net Position - Beginning of Year					<u>1,415,681</u>
NET POSITION - END OF YEAR					<u>\$ 5,591,873</u>

See accompanying Notes to Basic Financial Statements.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 14,488,129	\$ 1,713,050	\$ 1,998,792	\$ 18,199,971
Receivables:				
Current Property Taxes	4,033,286	839,753	188,196	5,061,235
Delinquent Property Taxes	61,959	11,432	2,642	76,033
Accounts Receivable	14,768	-	77,419	92,187
Due from Other Minnesota School Districts	124,252	-	61,842	186,094
Due from Minnesota Department of Education	2,637,101	10,628	38,864	2,686,593
Due from Federal through Minnesota Department of Education	227,614	-	135,206	362,820
Leases	555,949	-	-	555,949
Due from Other Governmental Units	992	-	89,213	90,205
Due from Other Funds	79,298	-	-	79,298
Due from Other Postemployment Benefit Trust	773,364	-	-	773,364
Inventory	-	-	59,998	59,998
Prepays	345,779	-	-	345,779
Total Assets	<u>\$ 23,342,491</u>	<u>\$ 2,574,863</u>	<u>\$ 2,652,172</u>	<u>\$ 28,569,526</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Salaries and Payroll Deductions Payable	\$ 2,095,364	\$ -	\$ 227,728	\$ 2,323,092
Accounts and Contracts Payable	442,303	-	115,608	557,911
Due to Other Governmental Units	274,297	-	-	274,297
Due to Other Funds	-	-	22,000	22,000
Unearned Revenue	35,566	-	73,804	109,370
Total Liabilities	<u>2,847,530</u>	<u>-</u>	<u>439,140</u>	<u>3,286,670</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes Levied for Subsequent Year	7,689,625	1,638,236	386,573	9,714,434
Unavailable Revenue - Delinquent Property Taxes	61,959	11,432	2,642	76,033
Deferred Lease Resources	545,945	-	-	545,945
Total Deferred Inflows of Resources	<u>8,297,529</u>	<u>1,649,668</u>	<u>389,215</u>	<u>10,336,412</u>
FUND BALANCES				
Nonspendable:				
Inventory	-	-	59,998	59,998
Prepays	345,779	-	-	345,779
Restricted for:				
Student Activity	88,010	-	-	88,010
Staff Development	411,163	-	-	411,163
Literacy Incentive Aid	202,952	-	-	202,952
Community Education	-	-	705,871	705,871
State-Approved Alternative Programs	14,700	-	-	14,700
Gifted and Talented	36,661	-	-	36,661
Basic Skills Programs	1,146,419	-	-	1,146,419
Adult Basic Education	-	-	22,048	22,048
READ Act - Literacy Aid	89,106	-	-	89,106
READ Act - Teacher Training Compensation	36,150	-	-	36,150
Long-Term Facilities Maintenance	1,280,399	-	-	1,280,399
Restricted for Other Purposes	-	925,195	1,036,933	1,962,128
Committed for:				
Separation/Retirement Benefits	252,225	-	-	252,225
Assigned for:				
Student Activity	424,457	-	-	424,457
Unassigned	7,869,411	-	(1,033)	7,868,378
Total Fund Balances	<u>12,197,432</u>	<u>925,195</u>	<u>1,823,817</u>	<u>14,946,444</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,342,491</u>	<u>\$ 2,574,863</u>	<u>\$ 2,652,172</u>	<u>\$ 28,569,526</u>

See accompanying Notes to Basic Financial Statements.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balance for Governmental Funds	\$ 14,946,444
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	1,771,785
Land Improvements, Net of Accumulated Depreciation	819,283
Buildings and Improvements, Net of Accumulated Depreciation	18,748,560
Equipment, Net of Accumulated Depreciation	2,575,826
Right-to-Use Asset, Net of Accumulated Amortization	122,954

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.

76,033

Payments on subscriptions which are paid prior to it becoming due is recorded as a Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(188,070)

The District's Net Pension Liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	(15,798,965)
Deferred Outflows of Resources - Pensions	4,213,001
Deferred Inflows of Resources - Pensions	(7,617,115)

The District's Other Postemployment Benefits Liability and related Deferred Outflows and Inflows of Resources are recorded only on the statement of net Position. Balances at year-end are:

Deferred Outflows of Resources - Other Postemployment Benefits	402,038
Deferred Inflows of Resources - Other Postemployment Benefits	(258,912)

Long-term assets that pertain to governmental funds, such as the prefunded other post employment benefit obligation, are not financial resources and therefore are not reported as fund assets. Balances at year-end are:

Other Postemployment Benefits Asset	4,100,659
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Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Bonds Payable	(16,475,000)
Unamortized Premiums	(366,736)
Lease Liability	(173,991)
Compensated Absences Payable	(1,362,345)

Internal service funds used to charge the cost of student tech repair plans to departments.

The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

56,424

Total Net Position of Governmental Activities	\$ 5,591,873
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See accompanying Notes to Basic Financial Statements.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources:				
Property Taxes	\$ 8,598,506	\$ 1,677,968	\$ 572,659	\$ 10,849,133
Investment Income	474,699	33,262	52,197	560,158
Other	1,764,622	-	2,406,065	4,170,687
State Sources	29,208,935	104,402	1,468,482	30,781,819
Federal Sources	923,219	-	1,232,147	2,155,366
Total Revenues	40,969,981	1,815,632	5,731,550	48,517,163
EXPENDITURES				
Current:				
Administration	1,585,368	-	-	1,585,368
District Support Services	1,216,609	-	-	1,216,609
Elementary and Secondary Regular Instruction	14,458,746	-	-	14,458,746
Vocational Education Instruction	733,703	-	-	733,703
Special Education Instruction	8,061,377	-	-	8,061,377
Instructional Support Services	2,041,164	-	-	2,041,164
Pupil Support Services	3,996,122	-	-	3,996,122
Sites and Buildings	4,255,051	-	-	4,255,051
Fiscal and Other Fixed Cost Programs	447,094	-	-	447,094
Food Service	-	-	2,027,202	2,027,202
Community Service	-	-	3,515,227	3,515,227
Capital Outlay	399,592	-	160,485	560,077
Debt Service:			-	
Principal	47,514	1,310,000	-	1,357,514
Interest and Fiscal Charges	14,089	492,919	-	507,008
Total Expenditures	37,256,429	1,802,919	5,702,914	44,762,262
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,713,552	12,713	28,636	3,754,901
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	3,015	-	-	3,015
Insurance Recovery	-	-	127,539	127,539
Total Other Financing Sources (Uses)	3,015	-	127,539	130,554
NET CHANGE IN FUND BALANCES	3,716,567	12,713	156,175	3,885,455
Fund Balances - Beginning of Year	8,480,865	912,482	1,667,642	11,060,989
FUND BALANCES - END OF YEAR	<u>\$ 12,197,432</u>	<u>\$ 925,195</u>	<u>\$ 1,823,817</u>	<u>\$ 14,946,444</u>

See accompanying Notes to Basic Financial Statements.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balance - Total Governmental Funds **\$ 3,885,455**

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

Governmental funds report capital outlays and acquisition of right-to-use assets as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense.

Capital Outlays	584,538
Gain (Loss) on Disposal of Capital Assets	3,015
Proceeds from the Sales of Capital Assets	(3,015)
Depreciation Expense	(2,618,817)

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.	8,882
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The use of some capital assets are structured as leases. In governmental funds, a lease arrangement is considered a source of financing, and in the statement of net position, the lease liability is reported. Repayment of lease principal is an expenditure in the government funds, but repayment reduces the lease liability in the statement of net position.

Repayment of Lease Principal	47,514
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Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.	1,215,614
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Other postemployment benefits expenditures in the governmental funds are measured by current year benefit payments. Other postemployment benefits expense on the statement of activities is measured by the change in the total OPEB liability and the related deferred inflows and outflows of resources.	63,488
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In the statement of activities, certain operating expenses - severance benefits, and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	(433,782)
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The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of Bond Principal	1,310,000
Change in Accrued Interest Liability	53,398
Amortization of Bond Premium	61,083

Internal Service used to charge the cost of postemployment benefits for employees and the cost of student tech repair plans to departments. The net revenue of certain activities of internal service funds is reported with governmental activities.	(1,181)
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Change in Net Position of Governmental Activities	\$ 4,176,192
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**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
	<u> </u>
ASSETS	
Current Assets	
Cash and Investments	\$ 45,313
Total Current Assets	<u>45,313</u>
Noncurrent Assets	
Capital Assets	
Buildings	171,022
Less: Accumulated Depreciation	<u>(102,613)</u>
Total Noncurrent Assets	<u>68,409</u>
Total Assets	113,722
LIABILITIES	
Due to Other Funds	<u>57,298</u>
Total Liabilities	<u>57,298</u>
NET POSITION	
Net Investment in Capital Assets	68,409
Unrestricted	<u>(11,985)</u>
Total Net Positions	<u><u>\$ 56,424</u></u>

See accompanying Notes to Basic Financial Statements.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 270,000
Other Local and County Revenue	7,161
Total Operating Revenues	<u>277,161</u>
OPERATING EXPENSES	
General Administration Fees	172,262
Supplies and Materials	104,418
Interest on Leases	1,662
Total Operating Expenses	<u>278,342</u>
OPERATING LOSS	(1,181)
Net Position - Beginning of Year	<u>57,605</u>
NET POSITION - END OF YEAR	<u><u>\$ 56,424</u></u>

See accompanying Notes to Basic Financial Statements.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 313,050
Payments to Suppliers and Vendors	<u>(315,549)</u>
Net Cash Used by Operating Activities	(2,499)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due to Other Funds	<u>1,318</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,181)
Cash and Cash Equivalents - Beginning of Year	<u>46,494</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 45,313</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (1,181)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Interest Receivable	35,889
Decrease in Accounts Payable	<u>(37,207)</u>
Total Adjustments	<u>(1,318)</u>
Net Cash Used by Operating Activities	<u><u>\$ (2,499)</u></u>

See accompanying Notes to Basic Financial Statements.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025**

	Custodial	Other Postemployment Benefit Trust
ASSETS		
Cash and Investments	\$ (3,987)	\$ 8,455,671
Accounts Receivable	113,005	-
Interest Receivable	-	36,977
Total Assets	<u>109,018</u>	<u>8,492,648</u>
LIABILITIES		
Accounts Payable	500	-
Salaries and Wages Payable	7,671	-
Due to General Fund	-	773,364
Total Liabilities	<u>8,171</u>	<u>773,364</u>
NET POSITION		
Scholarships	100,847	-
Held in Trust for Other Postemployment Benefits	-	7,719,284
Total Net Position	<u><u>\$ 100,847</u></u>	<u><u>\$ 7,719,284</u></u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2025**

	Custodial	Other Postemployment Benefit Trust
ADDITIONS		
Miscellaneous Local Revenue	\$ 531,545	\$ -
Earnings on Investments	-	765,482
Total Additions	<u>531,545</u>	<u>765,482</u>
DEDUCTIONS		
Salaries	272,816	-
Employee Benefits	73,927	738,377
Purchased Services	41,498	-
Supplies and Materials	56,441	-
Other Expenses	59,302	34,988
Investment Expenses	-	92,938
Total Deductions	<u>503,984</u>	<u>866,303</u>
CHANGE IN NET POSITION	27,561	(100,821)
Net Position - Beginning of Year	<u>73,286</u>	<u>7,820,105</u>
NET POSITION - END OF YEAR	<u><u>\$ 100,847</u></u>	<u><u>\$ 7,719,284</u></u>

See accompanying Notes to Basic Financial Statements.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Red Wing Public Schools Independent School District No. 256 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the board and is responsible for administrative control of the District.

GAAP require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. Based on these criteria, there are no organizations considered to be component units of the District.

The board establishes broad policies and ensures that appropriate financial records are maintained for student activities, as well as controls and is financially accountable for these activities. Accordingly, the accounts and transactions are included in the financial statements within the General Fund.

C. Basic Financial Statement Presentation

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the statement of fiduciary net position and statement of changes in fiduciary net position at the Fund Financial Statement level.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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 is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the Government-wide financial statements.

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

The fiduciary funds are presented in the fiduciary fund financial statements by type (trust). Since by definition these assets are being held for the benefit of a third-party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the Government-wide statements. The District has one fiduciary fund that is considered a custodial fund.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

1. **Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and 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 eligible expenditures are made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates. Expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Description of Funds

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

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Major Governmental Funds

General Fund

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

Debt Service Fund

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

Non-major Governmental Funds

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund come from user fees, and reimbursements from the federal and state governments.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Special Revenue Fund are composed of user fees, local levy dollars, and state credits.

Building Construction Capital Projects Fund

Accounts for financial resources from the bonds issued for the addition/renovation of District buildings.

Proprietary Funds

Internal Service Funds

The Medical Clinic fund accounts for the activities related to the employee medical clinic setup by the District.

The Student Tech Repair fund accounts for the activities related to the repairing or replacing student Chromebooks at a significant savings to the student or their family setup by the District.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Fiduciary Funds

Custodial Fund

The Custodial Fund is established to account for cash and other assets held by the District as the agent for others. This fund accounts for funds held for Environmental Learning Center (ELC) and Student Scholarships.

Other Postemployment Benefit Trust Fund

The other postemployment benefit trust fund accounts for resources held by the District in trust for the payment of other postemployment benefits.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

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

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

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

F. Cash and Investments

Cash of the individual funds is combined for investment purposes. Investments consist primarily of certificates of deposit, and money market funds. Investments with an original maturity of less than one year are recorded at amortized cost, which approximates fair value. Investments with an original maturity of more than one year are recorded at fair value based on quoted market prices. Interest earned as a result of these investments and the combined deposit account is distributed to the appropriate funds based on average cash and investment balances of each fund.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments (Continued)

For purposes of reporting cash flows, the District considers all demand accounts, savings accounts, certificates of deposits, and money market funds, to be cash and cash equivalents while all deposits in the MN Trust and Minnesota School District Liquid Asset Fund (MSDLAF) are considered investments.

G. Receivables

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

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed during the periods benefited.

J. Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The county generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

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

The majority of District revenue in the General (and to a lesser extent the Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy which is frozen at \$431,418. Starting in fiscal year 2011, the shift was expanded to include all other general and community service fund levies. State aids are then reduced by this expanded shift amount, making this portion of the tax shift revenue neutral to school districts. Certain other portions of the District's 2024 pay 2025 levy, normally revenue for the 2025-25 fiscal year, are also advance recognized at June 30, 2025, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is classified as a deferred inflow of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2025, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. Capital Assets

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

Capital assets are recorded in the Government-wide financial statement 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 30 years for land improvements and buildings, 5 to 20 years for equipment and furnishings, and 1 to 5 years for the right-to-use assets.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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

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

L. Deferred Outflows of Resources

In addition to assets, the financial statements reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense) until that time. The District has two types of items that qualify as this reporting element, pension related, and other postemployment benefit related.

M. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

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

N. Net Other Postemployment Benefit Asset

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

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

The District has employee and union contracts with several different employee groups. Employee benefits under the contracts are different, but generally include provisions for sick leave and vacation leave. The District accounts for the employee benefits as follows:

Vacation leave vests and may be carried forward for up to one year, depending on the contract. A liability is recorded for earned but unpaid vacation leave.

Substantially all District employees are entitled to sick leave at various rates for each month of full-time service. For certain employees, unused sick leave enters into the calculation of severance pay upon termination and is accounted for as follows:

Early Retirement Incentive Payment – Secretarial/Clerical Employees and Education Support Personnel – An early retirement incentive payment is available to employees who work at least 5 hours per day and have completed at least 10 years of continuous service with the District and are at least 55 years of age. An eligible employee upon retirement will receive a payment based on a set formula for every unused sick leave hour to a maximum of 1,050 unused sick leave hours. The formula starts at a payment of \$10.00 per unused sick leave hour to \$12.50 per unused sick leave hour to a maximum benefit amount of \$12,075.

Early Retirement Incentive Payment – Food Service Employees – An early retirement incentive payment is available to food service employees who have completed at least 10 years of continuous service with the District and are at least 55 years of age. An eligible employee upon retirement will receive a payment based on a set formula for every unused sick leave hour to a maximum of 1,050 unused sick leave hours. The formula starts at a payment of \$10.00 per unused sick leave hour to \$12.50 per unused sick leave hour to a maximum benefit amount of \$12,075.

Early Retirement Incentive Payment – Nonclassified Personnel – An early retirement incentive payment is available to employees, hired prior to July 1, 2001, who work at least 5 hours per day and have completed at least 10 years of continuous service with the District and are at least 55 years of age. An eligible employee upon retirement will receive a payment based on a set formula for every unused sick leave day to a maximum of 200 unused sick leave days. The formula starts at a payment of \$65 per unused sick leave day to \$80 per unused sick leave day to a maximum benefit of \$14,500, less any District contributions to a matching deferred compensation program under M.S. 356.24.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Compensated Absences (Continued)

Early Retirement Incentive Payment – District Coordinators and Directors – An early retirement incentive payment is available to full-time coordinators/directors, hired prior to July 1, 2001, who have completed at least 8 years of continuous service with the District and are at least 50 years of age. An eligible coordinator/director upon retirement shall receive an amount equal to the number of unused accumulated sick leave days multiplied by the employee's daily rate of pay, not to exceed 130 days, less any District contributions to a matching deferred compensation program under M.S. 356.24.

Early Retirement Incentive Payment – Principals – A severance payment is available to principals who have completed at least 7 years of continuous service with the District. An eligible principal upon retirement shall receive an amount equal to the number of unused accumulated sick leave days multiplied by a percentage of the employee's daily rate of pay, from 65% to 75%, not to exceed 100 days, less any District contribution to a matching deferred compensation program under M.S. 356.24.

An early retirement incentive payment is also available to principals who have completed at least 7 years of continuous service with the District. An eligible principal upon retirement shall receive an amount equal to the number of unused accumulated sick leave days multiplied by a percentage of the employee's daily rate of pay, from 65% to 75%, not to exceed 100 days, less any District contributions to a matching deferred compensation program under M.S. 356.24

Early Retirement Incentive Payment – Teachers – An early retirement incentive payment is available to teachers who have completed at least 10 years of teaching service with the District and who are at least 55 years of age. An eligible employee upon retirement will receive a payment based on a set formula for every unused sick leave day to a maximum of 120 unused sick leave days. The formula starts at a payment of \$85 per unused sick leave day to \$160 per unused sick leave day to a maximum benefit amount of \$14,550.

Early Retirement Incentive Payment – Program Supervisors – An early retirement incentive payment is available to program supervisors, hired prior to July 1, 2001, who have completed at least 10 years of continuous service with the District and are at least 55 years of age. An eligible employee upon retirement will receive a payment based on a formula for every unused sick leave day to a maximum of 120 unused sick leave days. The formula starts at a payment of \$85 per unused sick leave day to \$160 per unused sick leave day to a maximum benefit of \$14,550, less any District contribution to a matching deferred compensation program under M.S. 356.24.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Compensated Absences (Continued)

Early Retirement Incentive Payment – Custodial Employees – An early retirement incentive payment is available to custodial employees who have completed at least 10 years of continuous service with the District and who are at least 55 years of age. An eligible custodial employee upon retirement will receive a payment based on a set formula for every unused sick leave day to maximum of 200 unused sick leave days. The formula starts at a payment of \$65 per unused sick leave day to \$80 per unused sick leave day to a maximum benefit of \$14,500.

Early Retirement Incentive Payment – Superintendent – A severance payment is available to the superintendent upon completion of at least 8 years of continuous service with the District. The superintendent upon retirement shall receive an amount equal to the number of unused accumulated sick leave days multiplied by the superintendent's daily rate of pay, not to exceed 40 days.

An early retirement incentive payment is available to the superintendent upon completed of at least 8 years of continuous service with the District. The superintendent upon retirement shall receive an amount equal to the number of unused accumulated sick leave days multiplied by the superintendent's daily rate of pay, not to exceed 130 days.

At June 30, 2025, compensated absences payable totaling \$1,362,345 is recorded in the financial statements.

P. Pensions

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

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

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minneapolis Employees Retirement Fund into GERS in fiscal year 2006.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Inflows of Resources

In addition to liabilities, the financial statements reports 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 or resources (revenue) until that time. The District has five types of deferred inflows. Two types occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred inflow is related leases where the District is lessor. The fourth type of deferred inflow is pension related. The fifth type of deferred inflow is other postemployment benefit related.

R. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for Generally, Food and Community Service accounts, grants, and 2025-2026 school year deposits.

S. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable portions of fund balance relate to prepaids and inventories. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the board of education. The board of education passed a resolution authorizing the Director of Finance the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts, usually in the General Fund only.

In accordance with the District's fund balance policy, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned and unassigned fund balance is available, it is the District's policy to use committed first, then assigned and finally unassigned fund balance.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position

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

U. Adoption of New Accounting Standards

In June 2022, the Government Accounting Standards Board (GASB) issued GASB statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The District adopted the requirements of the guidance effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material adjustments.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits will not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the District's Board.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The District's deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

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

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- General obligations rated “A” or better; revenue obligations rated “AA” or better
- General obligations of the Minnesota Housing Finance Agency rated “A” or better
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories
- Repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2025, the District's investments carried at amortized cost were as follows:

Class	Amount
MSDLAF Liquid Class	\$ 1,035,369
MSDLAF Max Class	5,551,180
Money Market Funds	227,546
MN Trust CDs	1,412,600
MN Trust Full Flex	438,440
Total	<u>\$ 8,665,135</u>

At June 30, 2025, the District's investments carried at net asset value (NAV) were as follows:

Investment	Net Asset Value
MN Trust Limited Term Duration Series	\$ 2,521,839
MN Trust Investment Shares	1,301,899
MN Trust Term Series	2,250,000
Real Estate Investments	397,843
Total	<u>\$ 6,471,581</u>

The Minnesota Municipal Money Market Fund Trust (MN Trust) is a common law trust organized in accordance with the Minnesota Joint Powers Act, which invests only in investment instruments allowable under Minnesota Statutes as described above.

The Investment Shares Portfolio and Term Series are external investment pools. Investments in these external investment pools are valued at amortized cost. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments. Redemption prior to the maturity date of the Term Series may result in penalty.

The Limited Term Duration Series investments are valued at net asset value, the fair value established by the series. The MN Trust Limited Term Duration Series maintains a quarterly redemption frequency requirement with a 30-day redemption notice.

The MSDLAF+ is an external investment pool that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The MSDLAF+ elects to measure its investments at amortized cost.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The Liquid Class has no redemption requirements. The Max Class may not be redeemed for at least 14 days, and a 24-hour hold is placed on redemption requests. Redemptions prior to 14 days may be subject to penalty.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policies do not limit the maturities of investments. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations.

The following table summarizes interest rate risk of the District's investments at June 30, 2025:

Type	Total	Maturity Duration in Months				No Maturities	Credit Rating	Rating Agency
		Less Than 12	13 to 24	25 to 60	More than 60			
Money Market	\$ 227,546	\$ 227,546	-	-	-	-	Not rated	n/a
MN Trust Full Flex	438,440	438,440	-	-	-	-	Not rated	n/a
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	6,586,549	6,586,549	-	-	-	-	AAAm	S&P
MN Trust Investment Shares Portfolio	1,301,899	1,301,899	-	-	-	-	Not rated	n/a
MN Trust Term Series	2,250,000	-	2,250,000	-	-	-	Not rated	n/a
MN Trust LTD Balance	2,521,839	2,521,839	-	-	-	-	Not rated	n/a
Negotiable Certificates of Deposit	492,046	492,046	-	-	-	-	Not rated	n/a
MNTrust CDs	1,412,600	1,181,500	231,100	-	-	-	AAA	S&P
Government Agencies	2,315,489	114,713	82,898	388,134	1,729,744	-	AAA	S&P
Corporate Obligations	1,305,146	89,424	-	406,753	808,969	-	BBB- to AA-	S&P
Mortgage Backed Securities	159,281	-	-	99,969	59,312	-	AAA	S&P
Corporate Equities	4,050,366	-	-	-	-	4,050,366	Not rated	n/a
Real Estate Investment Trust	14,086	-	-	-	-	14,086	Not rated	n/a
Real Estate Funds	383,757	-	-	-	-	383,757	Not rated	n/a
Total	<u>\$ 23,459,044</u>	<u>\$ 12,953,956</u>	<u>\$ 2,563,998</u>	<u>\$ 894,856</u>	<u>\$ 2,598,025</u>	<u>\$ 4,448,209</u>		

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy requires insurance of all balances held with each investment account. As of June 30, 2025, the investment balances were fully covered by insurance for each brokerage firm.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policies do not limit the amount that the District may invest in any one issuer.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk

The District's investment policies place no limit on the amount the District may invest in any one issuer. The District had 1 investments at June 30, 2025 which individually comprised more than 5% of total investments. This investment falls under Corporate Equities which is iShares Cores S&P 550 ETF with a \$1,220,689 market value.

C. Balance Sheet Presentation

The deposits and investments are presented in the basic financial statements as follows:

Deposits	\$ 3,238,671
Cash on Hand	3,240
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	6,586,549
MN Trust Investment Shares Portfolio	1,301,899
MN Trust Term Series	2,250,000
MN Trust LTD Balance	2,521,839
Negotiable Certificates of Deposit	492,046
MNTrust CDs	1,412,600
Government Agencies	2,315,489
Corporate Obligations	1,305,146
Mortgage Backed Securities	159,281
Corporate Equities	4,050,366
Real Estate Investments	397,843
Money Market Funds	227,546
MN Trust Full Flex	438,440
Total Cash and Investments	<u>\$ 26,696,968</u>
 Cash and Investments - Statement of Net Position	 \$ 18,245,284
Cash and Investments - Statement of Fiduciary Net Position	 8,451,684
Total Cash and Investments	<u>\$ 26,696,968</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Investment	Level 1	Level 2	Level 3	Total
Government Agencies	\$ 2,315,489	\$ -	\$ -	\$ 2,315,489
Corporate Obligations	1,305,146	-	-	1,305,146
Mortgage Backed Securities	159,281	-	-	159,281
Negotiable Certificates of Deposit	-	492,046	-	492,046
Corporate Equities	4,050,366	-	-	4,050,366
	<u>\$ 7,830,282</u>	<u>\$ 492,046</u>	<u>\$ -</u>	<u>8,322,328</u>
Investments Measured at Amortized Cost				8,665,135
Investments Measured at Net Asset Value (NAV)				6,471,581
				<u>\$ 23,459,044</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,771,785	\$ -	\$ -	\$ -	\$ 1,771,785
Total Capital Assets, Not Being Depreciated	1,771,785	-	-	-	1,771,785
Capital Assets, Being Depreciated:					
Land Improvements	4,269,442	-	-	-	4,269,442
Buildings and Improvements	70,063,670	87,378	-	-	70,151,048
Equipment	17,660,350	497,160	-	-	18,157,510
Total Capital Assets, Being Depreciated	91,993,462	584,538	-	-	92,578,000
Accumulated Depreciation for:					
Land Improvements	(3,380,530)	(69,629)	-	-	(3,450,159)
Buildings and Improvements	(49,317,608)	(2,016,471)	-	-	(51,334,079)
Equipment	(15,084,097)	(497,587)	-	-	(15,581,684)
Total Accumulated Depreciation	(67,782,235)	(2,583,687)	-	-	(70,365,922)
Total Capital Assets, Being Depreciated, Net	24,211,227	(1,999,149)	-	-	22,212,078
Capital Assets, Being Amortized:					
Intangible Asset: Right-to-Use Building Lease Asset	245,907	-	-	-	245,907
Total Capital Assets, Being Amortized	245,907	-	-	-	245,907
Accumulated Amortization for:					
Intangible Asset: Right-to-Use Building Lease Asset	(87,823)	(35,130)	-	-	(122,953)
Total Accumulated Amortization	(87,823)	(35,130)	-	-	(122,953)
Total Capital Assets, Being Amortized, Net	158,084	(35,130)	-	-	122,954
Governmental Activities Capital Assets, Net	<u>\$ 26,141,096</u>	<u>\$ (2,034,279)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,106,817</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
Administration	\$ 534
District Support Services	72,207
Regular Instruction	2,148,682
Vocational Education Instruction	141
Special Education Instruction	697
Instructional Support Services	120,509
Pupil Support Services	131,988
Sites and Buildings	4,080
Food Service	31,093
Community Service	108,886
Total Depreciation and Amortization Expense, Governmental Activities	<u><u>\$ 2,618,817</u></u>

NOTE 4 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

Issue Date	Interest Rate	Series Number	Original Issue	Maturities	Principal Outstanding	
					Due Within One Year	Total
8/19/2016	2.00 - 4.00%	2016A	21,935,000	2/1/2027	\$ 1,065,000	\$ 14,955,000
6/23/2022	3.00 - 3.35%	2022A	1,705,000	2/1/2038	100,000	1,520,000
Total General Obligation Bonds					1,165,000	16,475,000
Bond Premiums					-	366,736
Lease Payable					50,764	173,991
Compensated Absences Payable					48,655	1,362,345
Total					<u><u>\$ 1,264,419</u></u>	<u><u>\$ 18,378,072</u></u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

Minimum annual principal and interest payments necessary to retire long-term debt, not including certificate of participation, compensated absences payable and severance and health benefits payable are as follows:

<u>Year Ending June 30.</u>	<u>General Obligation Bonds Payable</u>		<u>Lease Liability</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,165,000	\$ 451,369	\$ 50,764	\$ 9,141
2027	1,205,000	405,769	54,236	5,669
2028	1,255,000	358,569	57,946	1,959
2029	1,280,000	332,419	11,045	226
2030	1,310,000	304,300	-	-
2031-2035	7,035,000	1,025,644	-	-
2036-2038	3,225,000	145,644	-	-
Total	<u>\$ 16,475,000</u>	<u>\$ 3,023,714</u>	<u>\$ 173,991</u>	<u>\$ 16,995</u>

C. Description of Long-Term Liabilities

General Obligation Bonds

On August 18, 2016, , the District issued \$21,935,000 of General Obligation School Building Bonds, Series 2016A. The proceeds of this issue were used to finance the acquisition and betterment of school sites and facilities

On June 23, 2022, the District issued \$1,705,000 of General Obligation Facilities Maintenance Bonds, Series 2022A. The proceeds of this issue were used to finance certain capital improvements to school facilities.

Compensated Absences Payable

The amount of the estimated obligation at June 30, 2025 is \$1,362,345 The District's General Fund finances compensated absences on a pay-as-you-go basis.

Leases

The District entered into leases for the use of alternative high school building.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

D. Changes in Long-Term Liabilities

	June 30, 2024	Additions	Retirements	June 30, 2025
General Obligation Bonds	\$ 17,785,000	\$ -	\$ 1,310,000	\$ 16,475,000
Bond Premiums	427,819	-	61,083	366,736
Lease Payable	221,505	-	47,514	173,991
Compensated Absences Payable	928,563	433,782	-	1,362,345
Total	<u>\$ 19,362,887</u>	<u>\$ 433,782</u>	<u>\$ 1,418,597</u>	<u>\$ 18,378,072</u>

Note: The change in the compensated absence liability is presented as a net change.

NOTE 5 RESTRICTED FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the restricted fund balances for the governmental funds:

A. Student Activities

In accordance with state statute, the fund balance represents available resources dedicated exclusively for student activities.

B. Staff Development

This amount represents available resources for staff development. Revenues are derived from state aids and expenditures are for staff development at each site.

C. Literacy Incentive Aid

In accordance with state statute, the fund balance represents available resources dedicated exclusively for literacy programming.

D. Community Education

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

E. Early Childhood and Family Education Programs

The fund balance restriction represents accumulated resources available to provide services for early childhood family education programming.

F. Gifted and Talented

The fund balance restriction represents accumulated resources available to provide services for gifted and talented programming.

**RED WING PUBLIC SCHOOLS
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NOTE 5 RESTRICTED FUND BALANCES (CONTINUED)

G. Basic Skills Programs

The fund balance restriction represents accumulated resources available to provide services for basic skills programming.

H. Long-Term Facilities Maintenance (LTFM)

The fund balance restriction represents accumulated resources available to be used for LTFM projects in accordance with the District's 10-year plan.

I. State-Approved Alternative Learning Program

The fund balance restriction represents accumulated resources available to be used for their state-approved alternative learning program.

J. Adult Basic Education

The fund balance restriction represents accumulated resources available to be used for adult basic education.

K. READ Act – Literacy Aid

The fund balance restriction represents accumulated resources available to provide literacy programming in accordance with funding made available for that purpose.

L. READ Act – Teacher Training Compensation

The fund balance restriction represents accumulated resources available to provide teacher training programming in accordance with funding made available for that purpose.

M. Restricted for Other Purposes

The fund balance restriction represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

	Restricted Fund Balances
Food Service	\$ 947,465
Community Service	89,468
Debt Service	925,195
Total	<u>\$ 1,962,128</u>

**RED WING PUBLIC SCHOOLS
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NOTE 6 COMMITTED AND ASSIGNED FUND BALANCES

Certain portions of fund balance are committed or assigned based on management or school board designation. The following is a summary of the committed and assigned fund balances for the governmental funds:

A. Assigned for Student Activities

This represents amounts assigned by management for student activities.

B. Committed for Separation/Retirement Benefits

This represents resources segregated by the District for the payment of retirement benefits.

NOTE 7 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353, 354 and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

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

2. Teachers Retirement Fund (TRA)

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

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

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

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits

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

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

Tier I Benefits

<u>Tier I</u>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First 10 Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First 10 Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First 10 Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% 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) 3.0% 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

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier I Benefits (Continued)

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for coordinated members and 2.7% per year for Basic members applies. An early retirement reduction is applied to members retiring prior to age 65. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) reduction rate applied.

Tier II Benefits

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66, but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

Six different types of annuities are available to members upon retirement. The No Refund 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

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were \$479,338. The District's contributions were equal to the required contributions as set by state statute.

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INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contribution Rate (Continued)

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 20255 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$1,189,006. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2025, the District reported a liability of \$2,664,583 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 \$68,901.

District's Proportionate Share of the Net	
Pension Liability	\$ 2,664,583
State of Minnesota's Proportionate Share of the	
Net Liability Associated with the District	68,901
Total	<u><u>\$ 2,733,484</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was .0721 percent at the end of the measurement period and .0782 percent for the beginning of the period.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs

For the year ended June 30, 2025, the District recognized pension expense of \$145,723 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$854 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$122,596 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 250,541	\$ -
Changes in Actuarial Assumptions	13,009	1,008,500
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	773,773
Changes in Proportion	172,165	349,777
District Contributions Subsequent to the Measurement Date	479,338	-
Total	<u>\$ 915,053</u>	<u>\$ 2,132,050</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The \$479,338 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ (914,378)
2027	(155,059)
2028	(422,674)
2029	(204,224)

2. TRA Pension Costs

On June 30, 2025, the District reported a liability of \$13,134,382 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. the District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was .2067% at the end of the measurement period and .2158% 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:

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA Net Pension Liability	\$ 13,134,382
State's Proportionate Share of the Net Pension Liability Associated with the District	858,968
Total	<u>\$ 13,993,350</u>

**RED WING PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$762,987. It also recognized \$(10,509) as grant revenue for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$176 million to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$364,136 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 626,162	\$ 170,217
Changes in Actuarial Assumptions	1,324,598	1,566,311
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	1,859,012
Changes in Proportion	158,182	1,889,525
District Contributions Subsequent to the		
Measurement Date	1,189,006	-
Total	<u>\$ 3,297,948</u>	<u>\$ 5,485,065</u>

Of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, \$1,189,006 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30.	Pension Expense Amount
2026	\$ (1,208,187)
2027	716,254
2028	(1,471,177)
2029	(1,094,057)
2030	(318,956)

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Aggregate Pension Costs

At June 30, 2025, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

	TRA	GERF	Total
Net Pension Liability	\$ 13,134,382	\$ 2,664,583	\$ 15,798,965
Deferred Outflows of Resources	3,297,948	915,053	4,213,001
Deferred Inflows of Resources	5,485,065	2,132,050	7,617,115
Pension Expense	752,478	146,577	899,055

E. Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25% per year	2.50%
Active Member Payroll Growth	10.25% after one year of service to 3.00 after 27 years of service	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Investment Rate of Return	6.50%	7.00%

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

TRA pre-retirement mortality rates were based on the PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA healthy retiree mortality rates were based on the PubT-2010 (A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA beneficiary mortality rates were based on the Pub-2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA disabled retiree mortality rates were based on the PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

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

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

Changes in Plan Provisions:

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

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

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

F. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA and TRA, 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	PERA Target Allocation	TRA Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	33.5 %	5.10%
International Equity	16.5	16.5	5.30%
Private Markets	25.0	25.0	5.90%
Fixed Income	25.0	25.0	0.75%
Total	<u>100.0 %</u>	<u>100.0 %</u>	

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. 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, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 7%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

Description	1% Decrease	Current Discount Rate	1% Increase
GERF Discount Rate:	6.00%	7.00%	8.00%
District's Proportionate Share of the GERF Net Pension Liability	\$ 5,819,878	\$ 2,664,583	\$ 69,065
TRA Discount Rate:	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 23,130,414	\$ 13,134,382	\$ 4,907,409

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.

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

**RED WING PUBLIC SCHOOLS
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NOTE 8 DEFINED CONTRIBUTION BENEFIT PLAN

The District has a retirement plan qualifying under the Internal Revenue Code 403(b) for the benefit of employees effective as of October 1, 2008. For qualifying employees, the District's annual maximum contribution is based contractual requirements for the employee class.

The District contributions for the year ended June 30, 2025 were \$122,852. The related employee contributions were \$328,949 for the year ended June 30, 2025.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's health insurance plan. There are 379 active participants and 72 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District's employees and are renegotiated each bargaining period. There are no assets accumulated in a trust and the plan is currently being funded on a pay as you go basis.

B. Benefits Provided

Teachers hired before July 1, 2010, who are at least 55 years of age upon retirement and have been employed by the District for a minimum of five years are also eligible, along with their spouses, to receive a \$11,500 annual contribution to an HRA will be made by the District for eight years. The District also contributes an implicit rate subsidy for retired plan members. This is due to the actual cost for retirees being higher than the average per-person premium for the entire group.

Certain other nonteaching staff who are at least 50 years of age upon retirement and have been employed by the District for a minimum of three years are eligible for postemployment benefits as well.

C. Actuarial Methods and Assumptions

The District's total OPEB liability was measured as of June 30, 2025, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to periods included in the measurement date, unless specified otherwise.

Inflation	2.50 %
Salary Increases	Varies by service and contract group
Healthcare Cost Trend Rates	6.50% decreasing to 5.00% over 6 years and then to 4% over the next 48 years (6.25% decreasing to 5.00% over 6 years and then to 4% over the next 48 years at the prior measurement date)
Dental Trend Rate	3.00 %

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JUNE 30, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

D. Changes in the Net OPEB Asset

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at July 1, 2024	\$ 3,987,839	\$ 7,820,105	\$ (3,832,266)
Changes for the Year:			
Service Cost	174,993	-	174,993
Interest on the Total OPEB Liability	229,157	-	229,157
Plan Changes	-	-	-
Projected Investment Return	-	469,206	(469,206)
Differences Between Expected and Actual Experience	-	203,337	(203,337)
Changes of Assumptions	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(697,260)	(697,260)	-
Net Changes	(293,110)	(24,717)	(268,393)
Balances at July 1, 2025	<u>\$ 3,694,729</u>	<u>\$ 7,795,388</u>	<u>\$ (4,100,659)</u>

E. Net OPEB Asset Sensitivity

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

	1% Decrease 5.00 %	Discount Rate 6.00 %	1% Increase 7.00 %
Net OPEB Asset	\$ 3,911,356	\$ 4,100,659	\$ 4,279,341

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Net OPEB Assets Sensitivity (Continued)

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

	1% Decrease	Selected Trend Rates	1% Increase
		Healthcare Cost Trend Rate	
	5.00% Decreasing to 3.00%	6.00% Decrease to 4.00%	7.00% Decreasing to 5.00%
	Dental Trend Rate	Dental Trend Rate	Dental Trend Rate
	2.00 %	3.00 %	4.00 %
Net OPEB Asset	\$ 4,333,650	\$ 4,100,659	\$ 3,832,249

F. OPEB Expense

For the year ended June 30, 2025, the District recognized OPEB expense of \$(63,487). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 13,642	\$ 258,912
Changes of Assumptions	69,026	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	319,370	-
Total	<u>\$ 402,038</u>	<u>\$ 258,912</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 276,827
2027	(49,185)
2028	(43,849)
2029	(40,667)

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 COMMITMENTS AND CONTINGENCIES

Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

General Litigation

The District, in connection with the normal conduct of its' affairs, is involved in a legal claim. The District intends to vigorously defend its' position. At this time, the likelihood of an unfavorable outcome to the District is not able to be determined.

NOTE 11 JOINTLY GOVERNED ORGANIZATIONS

The Goodhue County Education District No. 6051-61 (GCED) was established by a joint powers agreement pursuant to Minnesota Statutes section 471.59. The purpose of the agreement was to optimize resources and increase efficiencies by creating a special education cooperative to serve children with low incidence disabilities. GCED is comprised of five member districts. Each member district shares in the costs of providing all off-site special education programs.

NOTE 12 INTERFUND TRANSACTIONS

At June 30, 2025, certain amounts were owed between funds for cash deficits. These amounts are summarized in the table below.

	Due from Other Fund	Due to Other Fund
General Fund	\$ 79,298	\$ -
Internal Service Fund		
Medical Clinic	-	57,298
Fiduciary Fund		
Capital Projects Fund	-	22,000
Total	<u>\$ 79,298</u>	<u>\$ 79,298</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 STEWARDSHIP

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 1,938,369	\$ 2,154,903	\$ 216,534
Community Service Fund	3,032,290	3,526,011	493,721
Capital Projects Fund	\$ -	\$ 22,000	\$ 22,000

These excess expenditures were funded with higher than anticipated revenues and existing fund balances.

REQUIRED SUPPLEMENTARY INFORMATION

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 8,654,799	\$ 8,656,366	\$ 8,598,506	\$ (57,860)
Investment Income	210,459	210,459	474,699	264,240
Other	1,350,098	1,470,258	1,764,622	294,364
State Sources	28,004,731	28,092,270	29,208,935	1,116,665
Federal Sources	1,068,936	1,239,015	923,219	(315,796)
Total Revenues	<u>39,289,023</u>	<u>39,668,368</u>	<u>40,969,981</u>	<u>1,301,613</u>
EXPENDITURES				
Current:				
Administration	1,668,590	1,664,028	1,585,368	(78,660)
District Support Services	1,403,607	1,415,811	1,216,609	(199,202)
Elementary and Secondary Regular Instruction	15,213,433	15,324,199	14,458,746	(865,453)
Vocational Education Instruction	827,882	823,777	733,703	(90,074)
Special Education Instruction	8,527,975	8,503,976	8,061,377	(442,599)
Instructional Support Services	2,274,644	2,265,633	2,041,164	(224,469)
Pupil Support Services	4,386,882	4,378,205	3,996,122	(382,083)
Sites and Buildings	4,498,899	4,587,635	4,255,051	(332,584)
Fiscal and Other Fixed Cost Programs	290,000	290,000	447,094	157,094
Capital Outlay	199,025	193,818	399,592	205,774
Debt Service:				
Principal	43,906	43,906	47,514	3,608
Interest and Fiscal Charges	1,180	1,180	14,089	12,909
Total Expenditures	<u>39,336,023</u>	<u>39,492,168</u>	<u>37,256,429</u>	<u>(2,235,739)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(47,000)	176,200	3,713,552	3,537,352
OTHER FINANCING SOURCES				
Sale of Equipment	-	-	3,015	3,015
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>3,015</u>	<u>3,015</u>
NET CHANGE IN FUND BALANCE	<u>\$ (47,000)</u>	<u>\$ 176,200</u>	<u>3,716,567</u>	<u>\$ 3,540,367</u>
Fund Balance - Beginning of Year			<u>8,480,865</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 12,197,432</u></u>	

See accompanying Notes to Required Supplementary Information.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES THE DISTRICT'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST EIGHT MEASUREMENT PERIODS**

Measurement Date	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 174,993	\$ 169,896	\$ 185,778	\$ 175,489	\$ 201,446	\$ 195,579	\$ 190,756	\$ 182,235
Interest	229,157	245,701	276,356	339,615	362,824	408,134	427,426	501,250
Plan Changes	-	(7,016)	-	68,640	-	-	-	-
Difference Between Expected and Actual Experience	-	22,737	-	(776,737)	-	(163,743)	-	(1,028,969)
Changes of Assumptions	-	73,718	32,860	25,095	-	(275,801)	28,895	(47,896)
Benefit Payments	(697,260)	(871,950)	(811,425)	(912,458)	(912,831)	(889,233)	(818,878)	(756,001)
Net Change in Total OPEB Liability	(293,110)	(366,914)	(316,431)	(1,080,356)	(348,561)	(725,064)	(171,801)	(1,149,381)
Total OPEB Liability - Beginning	3,987,839	4,354,753	4,671,184	5,751,540	6,100,101	6,825,165	6,996,966	8,146,347
Total OPEB Liability - Ending	<u>\$ 3,694,729</u>	<u>\$ 3,987,839</u>	<u>\$ 4,354,753</u>	<u>\$ 4,671,184</u>	<u>\$ 5,751,540</u>	<u>\$ 6,100,101</u>	<u>\$ 6,825,165</u>	<u>\$ 6,996,966</u>
Plan fiduciary Net Position								
Net Investment Income	\$ 469,206	\$ 1,054,731	\$ 504,266	\$ (990,972)	\$ 1,625,541	\$ 626,298	\$ 647,478	\$ 615,448
Difference Between Expected and Actual Experience	203,337	139,746	(599,688)	-	-	(243,505)	(170,206)	-
Benefit payments	(697,260)	(871,950)	(811,425)	(912,458)	(912,831)	(889,233)	(818,878)	(756,001)
Net change in plan fiduciary net position	(24,717)	322,527	(906,847)	(1,903,430)	712,710	(506,440)	(341,606)	(140,553)
Plan fiduciary Net Position - beginning	7,820,105	7,497,578	8,404,425	10,307,855	9,595,145	10,101,585	10,443,191	10,583,744
Plan fiduciary Net Position - ending	<u>\$ 7,795,388</u>	<u>\$ 7,820,105</u>	<u>\$ 7,497,578</u>	<u>\$ 8,404,425</u>	<u>\$ 10,307,855</u>	<u>\$ 9,595,145</u>	<u>\$ 10,101,585</u>	<u>\$ 10,443,191</u>
Net OPEB Liability (Asset)	\$ (4,100,659)	\$ (3,832,266)	\$ (3,142,825)	\$ (3,733,241)	\$ (4,556,315)	\$ (3,495,044)	\$ (3,276,420)	\$ (3,446,225)
Plan fiduciary net position as a percentage of the total OPEB liability	210.99%	196.10%	172.17%	179.92%	179.22%	157.29%	148.00%	149.25%
Covered-Employee Payroll	\$ 19,833,964	\$ 19,256,275	\$ 18,831,426	\$ 18,282,935	\$ 18,572,493	\$ 18,031,547	\$ 17,973,472	\$ 17,449,973
District's Net OPEB Liability as a Percentage of the Covered-Employee Payroll	-20.67%	-19.90%	-16.69%	-20.42%	-24.53%	-19.38%	-18.23%	-19.75%

Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
PERA										
District's Proportion of the Net Pension Liability	0.0721%	0.0782%	0.0725%	0.0769%	0.0781%	0.0773%	0.0737%	0.0758%	0.0758%	0.0846%
District's Proportionate Share of the Net Pension Liability	\$ 2,664,583	\$ 4,372,856	\$ 5,742,024	\$ 3,283,975	\$ 4,682,452	\$ 4,273,744	\$ 4,088,574	\$ 4,851,790	\$ 6,154,584	\$ 4,384,411
State's Proportionate Share of the Net Pension Liability Associated with District	68,901	120,461	168,281	100,225	144,375	132,828	134,082	61,021	80,392	-
Total	<u>\$ 2,733,484</u>	<u>\$ 4,493,317</u>	<u>\$ 5,910,305</u>	<u>\$ 3,384,200</u>	<u>\$ 4,826,827</u>	<u>\$ 4,406,572</u>	<u>\$ 4,222,656</u>	<u>\$ 4,912,811</u>	<u>\$ 6,234,976</u>	<u>\$ 4,384,411</u>
District's Covered Payroll	\$ 6,029,729	\$ 6,221,405	\$ 5,432,578	\$ 5,538,644	\$ 5,549,121	\$ 5,531,520	\$ 4,953,613	\$ 4,897,200	\$ 4,644,219	\$ 4,884,545
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	45.33%	72.22%	108.79%	61.10%	86.98%	79.66%	85.24%	100.32%	134.25%	89.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.67%	87.00%	79.10%	79.50%	79.50%	75.90%	68.90%	78.20%
TRA										
District's Proportion of the Net Pension Liability	0.2067%	0.2158%	0.2293%	0.2408%	0.2388%	0.2337%	0.2329%	0.2326%	0.2407%	0.2608%
District's Proportionate Share of the Net Pension Liability	\$ 13,134,382	\$ 17,816,932	\$ 18,361,131	\$ 10,538,128	\$ 17,642,864	\$ 14,896,087	\$ 14,628,341	\$ 46,431,179	\$ 57,412,693	\$ 16,133,059
State's Proportionate Share of the Net Pension Liability Associated with District	858,968	1,248,051	1,361,859	888,743	1,478,454	1,318,353	1,374,472	4,488,622	5,763,607	1,978,944
Total	<u>\$ 13,993,350</u>	<u>\$ 19,064,983</u>	<u>\$ 19,722,990</u>	<u>\$ 11,426,871</u>	<u>\$ 19,121,318</u>	<u>\$ 16,214,440</u>	<u>\$ 16,002,813</u>	<u>\$ 50,919,801</u>	<u>\$ 63,176,300</u>	<u>\$ 18,112,003</u>
District's Covered Payroll	\$ 14,125,771	\$ 13,658,743	\$ 14,196,849	\$ 14,357,970	\$ 13,876,811	\$ 13,375,162	\$ 12,518,867	\$ 12,518,973	\$ 12,518,947	\$ 12,738,778
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	92.98%	130.44%	129.33%	73.40%	127.14%	111.37%	116.85%	370.89%	458.61%	126.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.07%	76.42%	76.17%	86.63%	75.48%	78.07%	78.07%	51.57%	44.88%	76.80%

See accompanying Notes to Required Supplementary Information.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PERA										
Statutorily Required Contribution	\$ 479,338	\$ 452,230	\$ 466,605	\$ 407,443	\$ 415,398	\$ 416,184	\$ 414,864	\$ 371,521	\$ 367,290	\$ 352,666
Contributions in Relation to the Statutorily Required Contribution	(479,338)	(452,230)	(466,605)	(407,443)	(415,398)	(416,184)	(414,864)	(371,521)	(367,290)	(352,666)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 639,168	\$ 6,029,729	\$ 6,221,405	\$ 5,432,578	\$ 5,538,644	\$ 5,549,121	\$ 5,531,520	\$ 4,953,613	\$ 4,897,200	\$ 4,702,213
Contributions as a Percentage of Covered-Employee Payroll	74.99%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
TRA										
Statutorily Required Contribution	\$ 1,189,006	\$ 1,236,005	\$ 1,167,823	\$ 1,184,017	\$ 1,167,303	\$ 1,099,043	\$ 1,031,225	\$ 970,968	\$ 992,663	\$ 992,663
Contributions in Relation to the Statutorily Required Contribution	(1,189,006)	(1,236,005)	(1,167,823)	(1,184,017)	(1,167,303)	(1,099,043)	(1,031,225)	(970,968)	(992,663)	(1,487,706)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (495,043)</u>
District's Covered Payroll	\$ 13,426,931	\$ 14,125,771	\$ 13,658,743	\$ 14,196,849	\$ 14,357,970	\$ 13,876,811	\$ 13,375,162	\$ 12,946,240	\$ 13,235,507	\$ 13,235,507
Contributions as a Percentage of Covered-Employee Payroll	8.86%	8.75%	8.55%	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%

See accompanying Notes to Required Supplementary Information.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

2024

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was

2023

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 6.50% to 7.00%, for financial reporting purposes.

Changes in Plan Provisions

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

2022

Changes in Actuarial Assumptions

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

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5 % to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020

Changes in Actuarial Assumptions (Continued)

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

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 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, decreased 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.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

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

2017

Changes in Actuarial Assumption

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

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016

Changes in Actuarial Assumptions

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

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised, the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the year ended June 30:

2024

Changes in Actuarial Assumptions

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

2023

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2022

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 7.00%, for financial reporting purposes.

2020

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January to 1.0, effective January 2019. Beginning January 1, 2024, the COLA will increase .01% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for first COLA changes to normal retirement age (age 65 to 66, age 62 with 30 years of service credit are exempt).

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

- 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 2 years (8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.5% to 7.75% on July 1, 2023. The state provides funding for the contribution rate through an adjustment in the school aid formula.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

- 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.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

Changes in Plan Provisions (Continued)

- 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 0% 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 4 years, (7.92% in 2019, 8.13% 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.

2017

Changes in Actuarial Assumptions

- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016

Changes in Actuarial Assumptions

- The cost-of-living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years, and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

2015

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

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

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

The following changes were reflected in the valuation performed on behalf of the District's other postemployment benefits plan for the year ended June 30:

2024

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions.

2023

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

- The discount rate was changed from 6.20% to 6.00%.
- Mortality rates were updated from Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

2022

Changes in Plan Provisions

- Employees who continue on the \$3,000 or \$5,000 BCBS medical plans in retirement are now paid \$1,800 annually to an HRA until reaching Medicare eligibility. Directors' post-employment subsidized benefits are only available to those who are hired prior to July 1, 2001.

Changes in Actuarial Assumptions

- The health care trend rates, dental trend rates, mortality tables, salary increase rates for non-teachers, and withdrawal rates were updated.

2021

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

- The health care trend rates, mortality tables, and salary increase rates were updated.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

**NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS (CONTINUED)**

2020

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

- 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.

SUPPLEMENTARY INFORMATION

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Special Revenue		Capital Projects	
	Food Service	Community Service	Building Construction	Total
ASSETS				
Cash and Investments	\$ 1,016,134	\$ 982,658	\$ -	\$ 1,998,792
Receivables:				
Current Property Taxes	-	188,196	-	188,196
Delinquent Property Taxes	-	2,642	-	2,642
Accounts Receivable	5,146	72,273	-	77,419
Due from Other Minnesota School Districts	474	39,368	22,000	61,842
Due from Minnesota Department of Education	1,182	37,682	-	38,864
Due from Federal through Minnesota Department of Education	45,068	90,138	-	135,206
Due from Other Governmental Units	-	89,213	-	89,213
Inventory	59,998	-	-	59,998
Total Assets	<u>\$ 1,128,002</u>	<u>\$ 1,502,170</u>	<u>\$ 22,000</u>	<u>\$ 2,652,172</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Salaries and Payroll Deductions Payable	\$ 71,368	\$ 156,360	\$ -	\$ 227,728
Accounts and Contracts Payable	27,213	88,395	-	115,608
Due to Other Funds	-	-	22,000	22,000
Unearned Revenue	21,958	51,846	-	73,804
Total Liabilities	120,539	296,601	22,000	439,140
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes Levied for Subsequent Year	-	386,573	-	386,573
Unavailable Revenue - Delinquent Property Taxes	-	2,642	-	2,642
Total Deferred Inflows of Resources	-	389,215	-	389,215
FUND BALANCES				
Nonspendable:				
Inventory	59,998	-	-	59,998
Restricted for:				
Community Education	-	705,871	-	705,871
Adult Basic Education	-	22,048	-	22,048
Restricted for Other Purposes	947,465	89,468	-	1,036,933
Unassigned	-	(1,033)	-	(1,033)
Total Fund Balances	<u>1,007,463</u>	<u>816,354</u>	<u>-</u>	<u>1,823,817</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,128,002</u>	<u>\$ 1,502,170</u>	<u>\$ 22,000</u>	<u>\$ 2,652,172</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025**

	Special Revenue		Capital Projects	
	Food Service	Community Service	Building Construction	Total
REVENUES				
Local Sources:				
Property Taxes	\$ -	\$ 572,659	\$ -	\$ 572,659
Investment Income	31,019	21,178	-	52,197
Other	166,228	2,239,837	-	2,406,065
State Sources	1,090,120	378,362	-	1,468,482
Federal Sources	1,006,598	225,549	-	1,232,147
Total Revenues	2,293,965	3,437,585	-	5,731,550
EXPENDITURES				
Current:				
Food Service	2,027,202	-	-	2,027,202
Community Service	-	3,515,227	-	3,515,227
Capital Outlay	127,701	10,784	22,000	160,485
Total Expenditures	2,154,903	3,526,011	22,000	5,702,914
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	139,062	(88,426)	(22,000)	28,636
OTHER FINANCING SOURCES (USES)				
Insurance Recovery	127,539	-	-	127,539
Total Other Financing Sources (Uses)	127,539	-	-	127,539
NET CHANGE IN FUND BALANCES	266,601	(88,426)	(22,000)	156,175
Fund Balances - Beginning of Year	740,862	904,780	22,000	1,667,642
FUND BALANCES - END OF YEAR	<u>\$ 1,007,463</u>	<u>\$ 816,354</u>	<u>\$ -</u>	<u>\$ 1,823,817</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	Internal Service Funds		
	Medical Clinic	Student Tech Repair Plan	2025
ASSETS			
Current Assets			
Cash and Investments	\$ -	\$ 45,313	\$ 45,313
Total Current Assets	-	45,313	45,313
Noncurrent Assets			
Capital Assets			
Buildings	171,022	-	171,022
Less: Accumulated Depreciation	(102,613)	-	(102,613)
Total Noncurrent Assets	68,409	-	68,409
Total Assets	<u>\$ 68,409</u>	<u>\$ 45,313</u>	<u>\$ 113,722</u>
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	57,298	-	57,298
Total Liabilities	57,298	-	57,298
NET POSITION			
Net Investment in Capital Assets	68,409	-	68,409
Unrestricted	(57,298)	45,313	(11,985)
Total Net Positions	11,111	45,313	56,424
Total Liabilities and Net Positions	<u>\$ 68,409</u>	<u>\$ 45,313</u>	<u>\$ 113,722</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Internal Service Funds		
	Medical Clinic	Student Tech Repair Plan	2025
OPERATING REVENUES			
Charges for Services	\$ 270,000	\$ -	\$ 270,000
Other Local and County Revenue	-	7,161	7,161
Total Operating Revenues	<u>270,000</u>	<u>7,161</u>	<u>277,161</u>
OPERATING EXPENSES			
General Administration Fees	172,262	-	172,262
Supplies and Materials	96,076	8,342	104,418
Interest on Leases	1,662	-	1,662
Total Operating Expenses	<u>270,000</u>	<u>8,342</u>	<u>278,342</u>
Operating Loss	-	(1,181)	(1,181)
Net Position - Beginning	<u>11,111</u>	<u>46,494</u>	<u>57,605</u>
Net Position - Ending	<u>\$ 11,111</u>	<u>\$ 45,313</u>	<u>\$ 56,424</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Internal Service Funds		
	Medical Clinic	Student Tech Repair Plan	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 305,889	\$ 7,161	\$ 313,050
Payments to Suppliers and Vendors	(307,207)	(8,342)	(315,549)
Net Cash Used by Operating Activities	(1,318)	(1,181)	(2,499)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due to Other Funds	1,318	-	1,318
Net Decrease in Cash and Cash Equivalents	-	(1,181)	(1,181)
Cash and Cash Equivalents - Beginning	-	46,494	46,494
Cash and Cash Equivalents - Ending	<u>\$ -</u>	<u>\$ 45,313</u>	<u>\$ 45,313</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Loss	\$ -	\$ (1,181)	\$ (1,181)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Due from Other Governments	35,889	-	35,889
Increase (Decrease) in Accounts Payable	(37,207)	-	(37,207)
Total Adjustments	(1,318)	-	(1,318)
Net Cash Used by Operating Activities	<u>\$ (1,318)</u>	<u>\$ (1,181)</u>	<u>\$ (2,499)</u>

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Investment Income	\$ 2,000	\$ 2,000	\$ 31,019	\$ 29,019
Other - Primarily Meal Sales	112,250	112,250	166,228	53,978
State Sources	754,500	754,500	1,090,120	335,620
Federal Sources	958,000	977,416	1,006,598	29,182
Total Revenues	<u>1,826,750</u>	<u>1,846,166</u>	<u>2,293,965</u>	<u>447,799</u>
EXPENDITURES				
Current:				
Food Service	1,937,505	1,913,369	2,027,202	113,833
Capital Outlay	<u>25,000</u>	<u>25,000</u>	<u>127,701</u>	<u>102,701</u>
Total Expenditures	<u>1,962,505</u>	<u>1,938,369</u>	<u>2,154,903</u>	<u>216,534</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(135,755)	(92,203)	139,062	231,265
OTHER FINANCING SOURCES (USES)				
Insurance Recovery	-	-	127,539	127,539
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>127,539</u>	<u>127,539</u>
Net Change in Fund Balance	<u>\$ (135,755)</u>	<u>\$ (92,203)</u>	266,601	<u>\$ 358,804</u>
Fund Balance - Beginning of Year			<u>740,862</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,007,463</u>	

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 573,062	\$ 573,062	\$ 572,659	\$ (403)
Investment Income	3,000	3,000	21,178	18,178
Other - Primarily Tuition and Fees	1,715,446	1,715,446	2,239,837	524,391
State Sources	360,788	360,788	378,362	17,574
Federal Sources	58,543	58,543	225,549	167,006
Total Revenues	<u>2,710,839</u>	<u>2,710,839</u>	<u>3,437,585</u>	<u>726,746</u>
EXPENDITURES				
Current:				
Community Service	2,993,553	2,987,831	3,515,227	527,396
Capital Outlay	44,459	44,459	10,784	(33,675)
Total Expenditures	<u>3,038,012</u>	<u>3,032,290</u>	<u>3,526,011</u>	<u>493,721</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (327,173)</u>	<u>\$ (321,451)</u>	(88,426)	<u>\$ 233,025</u>
Fund Balance - Beginning of Year			<u>904,780</u>	
FUND BALANCE - END OF YEAR			<u>\$ 816,354</u>	

OTHER REQUIRED REPORTS



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

Board of Education
Red Wing Public Schools
Independent School District No. 256
Red Wing, 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 Red Wing Public Schools Independent School District No. 256 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2025December 23, 2025December 23, 2025.

Report on Internal Control Over Financial Reporting

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

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

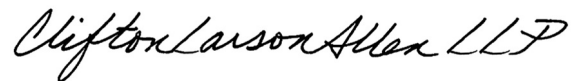
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

Purpose of This Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Rochester, Minnesota
December 23, 2025



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Red Wing Public Schools
Independent School District No. 256
Red Wing, Minnesota

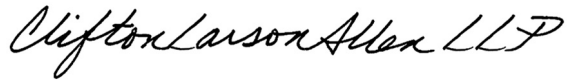
We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Red Wing Public Schools Independent School District No. 256 (the District) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2025.

In connection with our audit, we noted that the District failed to comply with provisions of the miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide*, 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 responses as items 2025-001. 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, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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

Board of Education
Red Wing Public Schools
Independent School District No. 256

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Rochester, Minnesota
December 23, 2025

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | | |
|--|------------|---|--|
| 1. Type of auditors’ report issued: | Unmodified | | |
| 2. Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | _____ yes | _____ ☒ no | |
| • Significant deficiency(ies) identified? | _____ yes | _____ ☒ none reported | |
| 3. Noncompliance material to financial statements noted? | _____ yes | _____ ☒ no | |

Section II –Findings Related to Basic Financial Statements

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Responses – Minnesota Legal Compliance

Finding: 2025-001	UNCLAIMED PROPERTY
Type of Finding:	Minnesota Legal Compliance.
Condition:	The District has five outstanding checks and wires totaling \$147 that have been unclaimed for three years.
Criteria or Specific Requirement:	Minnesota State Statute 345.38-.43 states that uncashed checks or other intangible property held for more than three years should be reported and paid to the state Commissioner of Commerce.
Effect:	The District is not in compliance with this State Statute.
Cause:	The items have not been reported or paid to the State Commissioner of Commerce.
Repeat Finding:	No
Recommendation:	Management should continue to monitor the District's outstanding check list for items older than three years.
Views of Responsible Officials and Planned Corrective Actions:	There is no disagreement with the finding. The District has informed us that they will remit the outstanding checks older than three years to the State.

**RED WING PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 256
UNIFORM FINANCIAL ACCOUNTING AND REPORTING
STANDARDS COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2025**

	Audit	UFARS	Difference		Audit	UFARS	Difference
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 40,969,981	\$ 40,969,969	\$ 12	Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	37,256,429	37,256,415	14	Total Expenditures	22,000	22,000	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	345,779	345,779	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
401 Student Activity	88,010	88,008	2	407 Capital Projects Levy	-	-	-
402 Scholarships	-	-	-	413 Projects Funded by COP	-	-	-
403 Staff Development	411,163	411,163	-	467 LTFM	-	-	-
406 Health and Safety	-	-	-	<i>Restricted:</i>			
407 Capital Project Levy	-	-	-	464 Restricted Fund Balance	-	-	-
408 Cooperative Programs	-	-	-	<i>Unassigned:</i>			
412 Literacy Incentive Aid	202,952	202,952	-	463 Unassigned Fund Balance	-	-	-
414 Operating Debt	-	-	-				
416 Levy Reduction	-	-	-	07 DEBT SERVICE			
420 American Indian Education Aid	-	-	-	Total Revenue	1,815,632	1,815,631	1
424 Operating Capital	-	-	-	Total Expenditures	1,802,919	1,802,919	-
426 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
427 Disabled Accessibility	-	-	-	460 Nonspendable Fund Balance	-	-	-
428 Learning and Development	-	-	-	<i>Restricted/Reserved:</i>			
434 Area Learning Center	-	-	-	425 Bond Refunding	-	-	-
435 Contracted Alternative Programs	-	-	-	451 QZAB and QSCB Payments	-	-	-
436 State Approved Alternative Programs	14,700	14,700	-	<i>Restricted:</i>			
438 Gifted and Talented	36,661	36,661	-	464 Restricted Fund Balance	925,195	925,195	-
440 Teacher Development and Evaluations	-	-	-	<i>Unassigned:</i>			
441 Basic Skills Programs	1,146,419	1,146,419	-	463 Unassigned Fund Balance	-	-	-
445 Career and Technical Programs	-	-	-				
448 Achievement and Integration	-	-	-	08 TRUST			
449 Safe Schools Crime Levy	-	-	-	Total Revenue	-	-	-
450 Pre-Kindergarten	-	-	-	Total Expenditures	-	-	-
451 QZAB Payments	-	-	-	<i>Net Position:</i>			
456 READ Act - Literacy Aid	89,106	89,106	-	422 Net Position	-	-	-
457 READ Act - Tch Training Compensation	36,150	36,150	-				
459 Basic Skills Extended Time	-	-	-	18 CUSTODIAL			
467 LTFM	1,280,399	1,280,399	-	Total Revenue	531,545	531,545	-
471 Student Support Personnel Aid	-	-	-	Total Expenditures	503,984	503,983	1
472 Medical Assistance	-	-	-	<i>Net Position:</i>			
<i>Restricted:</i>				402 Scholarships	100,847	100,847	-
464 Restricted Fund Balance	-	-	-	464 Restricted Fund Balance	-	-	-
<i>Committed:</i>							
418 Committed for Separation	-	-	-	20 INTERNAL SERVICE			
461 Committed Fund Balance	252,225	252,225	-	Total Revenue	277,161	277,161	-
<i>Assigned:</i>				Total Expenditures	278,342	278,343	(1)
462 Assigned Fund Balance	424,457	424,459	(2)	<i>Net Position:</i>			
<i>Unassigned:</i>				422 Net Position	56,424	56,423	1
422 Unassigned Fund Balance	7,869,411	7,869,410	1				
02 FOOD SERVICE				25 OPEB REVOCABLE TRUST			
Total Revenue	2,293,965	2,293,962	3	Total Revenue	-	-	-
Total Expenditures	2,154,903	2,154,901	2	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Net Position:</i>			
460 Nonspendable Fund Balance	59,998	59,997	1	422 Net Position	-	-	-
<i>Restricted/Reserved:</i>							
452 OPEB Liability Not Held in Trust	-	-	-	45 OPEB IRREVOCABLE TRUST			
<i>Restricted:</i>				Total Revenue	765,482	765,482	-
464 Restricted Fund Balance	947,465	947,465	-	Total Expenditures	866,303	866,303	-
<i>Unassigned:</i>				<i>Net Position:</i>			
463 Unassigned Fund Balance	-	-	-	422 Net Position	7,719,284	7,719,283	1
04 COMMUNITY SERVICE							
Total Revenue	3,437,585	3,437,583	2	47 OPEB DEBT SERVICE			
Total Expenditures	3,526,011	3,526,007	4	Total Revenue	-	-	-
<i>Nonspendable:</i>				Total Expenditures	-	-	-
460 Nonspendable Fund Balance	-	-	-	<i>Nonspendable:</i>			
<i>Restricted/Reserved:</i>				460 Nonspendable Fund Balance	-	-	-
426 \$25 Taconite	-	-	-	<i>Restricted:</i>			
431 Community Education	705,871	705,871	-	425 Bond Refunding	-	-	-
432 E.C.F.E.	(1,033)	(1,033)	-	464 Restricted Fund Balance	-	-	-
440 Teacher Development and Evaluations	-	-	-	<i>Unassigned:</i>			
444 School Readiness	(46,880)	(46,880)	-	463 Unassigned Fund Balance	-	-	-
447 Adult Basic Education	22,048	22,048	-				
452 OPEB Liability Not Held in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	136,348	136,348	-				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				

FORM OF LEGAL OPINION

(See following pages)



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Minneapolis, MN 55402
(612) 337-9300 telephone
(612) 337-9310 fax
www.kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

§ _____
INDEPENDENT SCHOOL DISTRICT NO. 256
(RED WING PUBLIC SCHOOLS)
GOODHUE COUNTY, MINNESOTA
GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS
SERIES 2026A

We have acted as bond counsel to Independent School District No. 256 (Red Wing Public Schools), Goodhue County, Minnesota (the "Issuer"), in connection with the issuance by the Issuer of its General Obligation Facilities Maintenance Bonds, Series 2026A (the "Bonds"), originally dated _____, 2026, 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 March 24, 2026 , 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 _____, 2026, at Minneapolis, Minnesota.

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. 256
(RED WING PUBLIC SCHOOLS)
GOODHUE COUNTY, MINNESOTA
GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS
SERIES 2026A

CONTINUING DISCLOSURE CERTIFICATE

_____, 2026

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Independent School District No. 256 (Red Wing Public Schools), Goodhue County, Minnesota (the “District”), in connection with the issuance of its General Obligation Facilities Maintenance Bonds, Series 2026A (the “Bonds”), in the original aggregate principal amount of \$ _____. The Bonds are being issued pursuant to a resolution adopted by the School Board of the District (the “Resolution”). The Bonds are being delivered to _____[, as syndicate manager] (the “Purchaser”), on the date hereof. Pursuant to the Resolution, the District has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The District hereby covenants and agrees as follows:

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

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

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

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

“Bonds” means the General Obligation Facilities Maintenance Bonds, Series 2026A, issued by the District in the original aggregate principal amount of \$ _____.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“District” means Independent School District No. 256 (Red Wing Public Schools), Goodhue County, Minnesota, which is the obligated person with respect to the Bonds.

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

“Final Official Statement” means the Final Official Statement, dated _____, 2026, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

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

“Fiscal Year” means the fiscal year of the District.

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

“GASB” means the Governmental Accounting Standards Board.

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

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

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

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

“Purchaser” means _____ [, as syndicate manager].

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

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

“SEC” means Securities and Exchange Commission, and any successor thereto.

Section 3. 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, 2026, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate, provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

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

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

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

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

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

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

Section 5. Reporting of Material Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
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. 256 (RED
WING PUBLIC SCHOOLS), GOODHUE COUNTY,
MINNESOTA**

Board Chair

Clerk

TERMS OF PROPOSAL

**\$2,260,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2026A
INDEPENDENT SCHOOL DISTRICT NO. 256 (RED WING SCHOOLS), MINNESOTA**

Proposals for the purchase of \$2,260,000* General Obligation Facilities Maintenance Bonds, Series 2026A (the "Bonds") of Independent School District No. 256 (Red Wing Schools), Minnesota (the "District"), will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the District, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 9:30 A.M., Central Time, on May 26, 2026, 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.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Section 123B.595, as amended, by the District, to provide funds for roofing projects included in the District's ten-year facility plan approved by the Commissioner of Education. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated June 18, 2026, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2028	\$110,000	2032	\$230,000	2035	\$265,000
2029	185,000	2033	240,000	2036	280,000
2030	195,000	2034	250,000	2037	285,000
2031	220,000				

ADJUSTMENT OPTION

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

TERM BOND OPTION

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

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2027, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

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

PAYING AGENT

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

OPTIONAL REDEMPTION

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

DELIVERY

On or about June 18, 2026, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$2,260,000 plus accrued interest on the principal sum of \$2,260,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

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

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

A good faith deposit ("Deposit") in the amount of \$45,200 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 Deposit will be deducted from the purchase price at the closing for the Bonds.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

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

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

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

- (1) The District shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the District may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

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

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

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, 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 (5th) 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 (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

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

By Order of the School Board

Independent School District No. 256
(Red Wing Schools), Minnesota

PROPOSAL FORM

The School Board
Independent School District No. 256 (Red Wing Schools), Minnesota (the "District")

May 26, 2026

RE: \$2,260,000* General Obligation Facilities Maintenance Bonds, Series 2026A (the "Bonds")

DATED: June 18, 2026

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$2,260,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2028	_____ % due 2032	_____ % due 2035
_____ % due 2029	_____ % due 2033	_____ % due 2036
_____ % due 2030	_____ % due 2034	_____ % due 2037
_____ % due 2031		

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

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

A good faith deposit ("Deposit") in the amount of \$45,200 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. The Deposit will be deducted from the purchase price at the closing for the Bonds. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about June 18, 2026.

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

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

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

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

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 18, 2026 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 256 (Red Wing Schools), Minnesota, on May 26, 2026.

By: _____	By: _____
Title: _____	Title: _____