



LAKE OF THE WOODS
School

Lake of the Woods School ISD #390

January 26, 2026 @ 6:00 PM

Finance Workshop & Working Session - ITV Room

Working Session:

- 1. Citizen's Forum**
- 2. Finance Review Workshop**
 - a. Shena Brandt
- 3. Reports:**
 - a. Board Committees
 - b. Superintendent (Scott Fitzsimonds)
 - c. PreK-12 Principal (Mary Merchant)
 - d. Building & Grounds (Scott Fitzsimonds & Dale Fuller)
- 4. Pre-Sale Report for Bond Issuance by Ehlers**
- 5. Adjourn**

Lake of the Woods School District

Finance Committee Meeting

January 26, 2026

Monthly Budget Report

Revenue:

- YTD revenues by source:
 - State Revenue is 33% received
 - Federal revenues 5% received
 - Local revenues are 51% received
- YTD revenues by site
 - Food Service 34% received
 - Community Service 10% received
 - Debt Redemption 15% received
 - Student Activities 53%
- Grants for 2025-2026
 - Title 401 \$115,995.69
 - Quarter 1 Draw: \$9,416.17

Expenditures

- YTD expenses by object:
 - Salaries and Wages are 36% expended
 - Employee Benefits are 37% expended
 - Purchased Services are 57% expended
 - Supplies/Materials are 47% expended
 - Capital (Equipment) is 8% expended
 - Other is 61% expended
- YTD expenditures by site
 - Food Service 46% expended
 - Community Education 46% expended
 - Debt Redemption 100%
 - Student Activities 64%

Summary all Funds (Ufars Exp/Rev Summary)

- Revenue 33% \$3,067,874.97
- Expenditure 46% \$4,173,188.88
- FYT Spending Variance Deficit of -\$1,105,313.91

<u>Month End Date</u>	<u>YTD Difference</u>	<u>Cash/Investments</u>
12/31/25	-\$1,105,313.91	\$1,769,547.06
11/30/25	-\$317,853.87	\$2,607,890.41
10/31/25	-\$241,114.22	\$2,700,510.46
9/30/25	\$206,529.56	\$2,722,961.30

Student Activity

- Student Activity Balance Report and Student Activity Transaction Report are attached.

Business Office Update

- PFML went into effect January 1st. PFML deductions are setup and started on the 1/15 paycheck. The payments will be made quarterly to NIS-Madison National. The portal for employees to apply for leave opened January 1st. The start-up with Madison has not been smooth.
- The Pay Equity Report needs to be completed this month. This is required to be completed by schools every 3 years.
- W2's were available to all staff in SmartER on January 16th. These were mailed a few days later.
- I am working on MN Unemployment Quarter 4 2025 report, Report of Outstanding Indebtedness, ACA reporting needed for 1095's. The 1095's are due to employees March 2nd and to the IRS March 31st.
- Completed this month: 941's, W2's, Local Collaborative Time Study Report to Lake of the Woods County, Data Request from Ehlers for the Pre-Sale Report for Bond Issue, and Pay Equity.
- The Refunding Bond Payments were made in December. The total was \$916,425. The district is showing a spending variance of -\$1,105,313.91. This is only due to the large bond payment and the revenue will catch up by the end of the year.

**Lake of the Woods School
Board Report
Scott Fitzsimonds, Superintendent's Board Report
January 26, 2026**

1. Student Count

- a. As of 1/22/ 2026: 419 K-12, + 16 PreK

2. Legal Firm Information

- a. Advice from other Superintendent's: Name firm(s) with which to work and have the school board direct administration to use the one that is best for a given situation.
 - i. Pemburton Law
 - ii. Kennedy - Graven
 - iii. Ratwik, Roszak, & Maloney, P.A.

3. Construction Update

- a. In negotiations with Kraus Anderson and Widseth, and will be meeting with the Facilities & Transportation meeting with updated contracts for review.

4. Mid-Year Report from School Nurse

- a. As attached

Lake of the Woods School Nurse Report (Mid-Year Report)
 September 2, 2025 to December 31, 2025

Date: 12/23/2025

Enrollment:

PA: 17
 K-5: 217
 6-12 221
 Total: 455

HEALTH ASSESSMENT:

	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Illness:	195	129	120	99
Injury:	156	184	145	137
Health Ed/Counsel/:	203	183	120	123
Med Administration:	<u>131</u>	<u>164</u>	<u>141</u>	<u>139</u>
Total:	685	660	526	498
Average/day:	40	57	35	38
Sent home:	48	29	35	35
Dr. Referral:	2	3	1	3
Parent Contact:	127	101	89	88
Staff Contacts:	22	20	8	15

Total number of student contacts in the Health Office: 2,787
 Total number of staff contacts in the Health Office: 65
 Total number of parent contacts: 405

Total number of contacts in the Health Office: 3,257

COMMUNICABLE DISEASE:

	<u>Screened</u>	<u>Identified</u>
Head Lice	0	0
Impetigo	2	2
Pinkeye	0	0
Ringworm	0	0
Scabies	0	0
Pinworm	0	0
Varicella	0	0
Molluscum Contagiosum	2	2
MRSA	0	0
Parvo (Fifth Disease)	0	0
Viral Meningitis	0	0
Mononucleosis	0	0
Pertussis	0	0

SCREENINGS:

	<u>Screened</u>	<u>Rescreened</u>	<u>Referred</u>
Vision:	159	30	22
Hearing	216	13	8

HEALTH PLANS

Completed Student Health Plans – 9/2025 (12)

Completed Medication Administration Forms-9/2025 (14)

DISEASE PREVENTION/TRAINING

- Participated in Minnesota Department of Health School Influenza reporting.
- Immunization letters sent to incoming Kindergarten and 7th grade students 8/2025.
- Immunization letters sent to all non-compliant students/parents 9/2025, 10/2025, 11/2025.
- Completed AISR (Annual Immunization Status Report) for K-12/homeschool students for Minnesota Department of Health, 11/2025.

**Lake of the Woods School
Board Report
Mary Merchant, PreK - 12 Principal's Board Report
January 26, 2026**

- 1. Semester 2 started January 19, 2026**
 - a. Quarter 2 / Semester 1 ended on January 16th.
 - b. Grades due on 1-20-16.
 - c. Study time begins on 1-26-26 for students with a failing grade.

- 2. Northern Division MASSP Meeting**
 - a. January 14, 2026

- 3. Spelling Bee**
 - a. January 21, 2026

- 4. MASSP Winter Conference**
 - a. January 28-30

- 5. One Act Play**
 - a. Performance for high school students scheduled for February 4th at 12:30 p.m.

- 6. Music Program Grades 3-5**
 - a. Wednesday, February 11th at 2 p.m.

- 7. Mark Mindt, Nativ American Author**
 - a. February 19-20 for elementary students and high school students

January 26, 2026

PRE-SALE REPORT FOR

Independent School District No. 390 (Lake of the Woods School), Minnesota

\$5,000,000 General Obligation School Building Bonds, Series 2026A



Prepared by:

Ehlers
3001 Broadway Street, Suite 320
Minneapolis, MN 55413

Advisors:

Matthew Hammer, Senior Municipal Advisor
Jen Chapman, Associate Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

EXECUTIVE SUMMARY OF PROPOSED DEBT

Proposed Issue:

\$5,000,000 General Obligation School Building Bonds, Series 2026A

Purposes:

The proposed issue includes financing the acquisition and betterment of school sites and facilities approved by voters in an election held on November 4, 2025.

Authority:

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475. The Bonds will be general obligations of the District for which its full faith, credit and taxing powers are pledged. Debt service will be paid from annual debt service property tax levies and state aid received as part of the School Building Bond Agricultural Credit program.

Term/Call Feature:

The Bonds are being issued for a term of 14 years. Principal on the Bonds will be due on February 1 of 2027 through 2040. Interest will be due every six months beginning February 1, 2027.

The Bonds maturing on February 1, 2035 will be subject to prepayment at the discretion of the District on February 1, 2034 or any date thereafter.

Bank Qualification:

Because the District is expecting to issue no more than \$10,000,000 in tax exempt debt during the calendar year, the District will be able to designate the Bonds as "bank qualified" obligations. Bank qualified status broadens the market for the Bonds, which can result in lower interest rates.

State Credit Enhancement:

By resolution the District will covenant and obligate itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation.

To qualify for the credit enhancement, the District must submit an application to the State. Ehlers will coordinate the application process to the State on your behalf.

Rating:

Under current bond ratings, the state credit enhancement would bring a Standard & Poor's "AAA" rating.

The District's most recent bond issues were rated by S&P Global Ratings. The current underlying rating on those bonds is "A-". The District will request a new underlying rating for the Bonds.

If the winning bidder on the Bonds elects to purchase bond insurance, the rating for the issue may be higher than the District's bond rating in the event that the bond rating of the insurer is higher than that of the District.

Basis for Recommendation:

Based on your objectives, financial situation and need, risk tolerance, liquidity needs, experience with the issuance of Bonds and long-term financial capacity, as well as the tax status considerations related to the Bonds and the structure, timing and other similar matters related to the Bonds, we are recommending the issuance of Bonds as a suitable option.

Method of Sale/Placement:

We are recommending the Bonds be issued as municipal securities and offered through a competitive underwriting process. You will solicit competitive bids, which we will compile on your behalf, for the purchase of the Bonds from underwriters and banks.

An allowance for discount bidding will be incorporated in the terms of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.

If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to reduce your borrowing amount.

Premium Pricing:

In some cases, investors in municipal bonds prefer "premium" pricing structures. A premium is achieved when the coupon for any maturity (the interest rate paid by the issuer) exceeds the yield to the investor, resulting in a price paid that is greater than the face value of the bonds. The sum of the amounts paid in excess of face value is considered "reoffering premium." Any net premium received may be used to reduce the principal amount of the Bonds, increase the net proceeds for the project, or to fund a portion of the interest on the Bonds.

Review of Existing Debt:

We have reviewed all outstanding indebtedness for the District and find that there are no refunding opportunities at this time.

We will continue to monitor the market and the call dates for the District's outstanding debt and will alert you to any future refunding opportunities.

Continuing Disclosure:

The District will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually, as well as providing notices of the occurrence of certain reportable events to the Municipal Securities Rulemaking Board (the "MSRB"), as required by rules of the Securities and Exchange Commission (SEC). The District is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.

Arbitrage Monitoring:

The District must ensure compliance with certain sections of the Internal Revenue Code and Treasury Regulations ("Arbitrage Rules") throughout the life of the issue to maintain the tax-exempt status of the Bonds. These Arbitrage Rules apply to amounts held in construction, escrow, reserve, debt service account(s), etc., along with related investment income on each fund/account.

IRS audits will verify compliance with rebate, yield restriction and records retention requirements within the Arbitrage Rules. The District's specific arbitrage responsibilities will be detailed in the Tax Certificate (the "Tax Compliance Document") prepared by your Bond Attorney and provided at closing.

The Bonds may qualify for one or more exception(s) to the Arbitrage Rules by meeting 1) small issuer exception, 2) spend down requirements, 3) bona fide debt service fund limits, 4) reasonable reserve requirements, 5) expenditure within an available period limitations, 6) investments yield restrictions, 7) de minimis rules, or; 8) borrower limited requirements.

An Ehlers arbitrage expert will contact the District within 30 days after the sale date to review the District's specific responsibilities for the Bonds. The District is currently receiving arbitrage services from Ehlers in relation to the Bonds.

Investment of Bond Proceeds:

Ehlers can assist the District in developing a strategy to invest your Bond proceeds until the funds are needed to pay project costs.

Other Service Providers:

This debt issuance will require the engagement of other public finance service providers. This section identifies those other service providers, so Ehlers can coordinate their engagement on your behalf. Where you have previously used a particular firm to provide a service, we have assumed that you will continue that relationship. For services you have not previously required, we have identified a service provider. Fees charged by these service providers will be paid from proceeds of the obligation, unless you notify us that you wish to pay them from other sources. Our pre-sale bond sizing includes a good faith estimate of these fees, but the final fees may vary. If you have any questions pertaining to the identified service providers or their role, or if you would like to use a different service provider for any of the listed services please contact us.

Bond Counsel: Kennedy & Graven, Chartered

Paying Agent: Bond Trust Services Corporation

Rating Agency: Standard & Poor's Global Ratings (S&P)

PROPOSED DEBT ISSUANCE SCHEDULE

School Board Approves Resolution Authorizing Sale of the Bonds:	December 15, 2025
Ehlers Presents Pre-Sale Report to School Board:	January 26, 2026
Due Diligence Call to Review Official Statement:	February 4, 2026
Conference with Rating Agency:	February 5, 2026
Distribute Official Statement:	February 12, 2026
Ehlers Receives and Evaluates Proposals for Purchase of Bonds:	February 23, 2026
School Board Meeting to Award Sale of Bonds:	February 23, 2026
Estimated Closing Date:	March 19, 2026

Attachments

Estimated Sources and Uses of Funds

Estimated Debt Service Schedule

Estimated Long-Term Financing Plan for Debt and Capital Payments and Levies

EHLERS' CONTACTS

Matthew Hammer, Senior Municipal Advisor	(651) 697-8592
Jen Chapman, Associate Municipal Advisor	(651) 697-8566
Tess Kuhn, Public Finance Analyst	(651) 697-8518
Brian Shannon, Senior Finance Manager	(651) 697-8515

ESTIMATES PRIOR TO BOND SALE

Lake of the Woods School District No. 390

January 11, 2026

Estimated Sources and Uses of Funds
 General Obligation Voter-Approved School Building Bonds
 November 2025 Election

Bond Issue Amount	\$5,000,000
Sources of Funds	
Par Amount	\$5,000,000
Investment Earnings ¹	48,531
Reoffering Premium ²	276,610
Total Sources	\$5,325,141
Uses of Funds	
Underwriter's Discount ²	\$60,000
Legal and Fiscal Costs ³	86,915
Net Available for Project Costs	5,178,226
Total Uses	\$5,325,141
Initial Deposit to Construction Fund	\$5,129,695

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| <p>1 Estimated investment earnings are based on an average interest rate of 1.0%, and an average life of 12 months.</p> <p>2 The underwriter's discount bidding is an estimate of the compensation taken by the underwriter who provides the lowest true interest cost as part of the competitive bidding process and purchases the bonds. Ehlers provides independent municipal advisory services as part of the bond sale process and is not an underwriting firm.</p> <p>3 Includes fees for municipal advisor, bond counsel, rating agency, paying agent and county certificates.</p> |
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ESTIMATES PRIOR TO BOND SALE

Lake of the Woods School District No. 390

Analysis of Possible Structure for Capital and Debt Levies

\$5,000,000 Bond Issue
14 Tax Levies
Wrapped Around Existing Debt

Type of Bond	Principal Amount	Dated Date	Interest Rate
Voter-Approved Building	\$5,000,000	03/19/26	3.80%

January 11, 2026

Levy Payable Year	Fiscal Year	Tax Capacity Value ¹ (\$000s)	% Cng	Existing Commitments			Proposed New School Building Bonds				Combined Totals					
				Building Bonds ⁴	Est. Debt Excess ³	Net Levy	Tax Rate	Principal	Interest	Add'l. Debt Excess ³	Net Levy	Initial Debt Levy	State Aid	Net Levy	Tax Rate	
2024	2025	7,927	8.0%	1,056,825	-	1,056,825	13.33	-	-	-	-	-	1,056,825	-	1,056,825	13.33
2025	2026	8,049	1.5%	1,055,145	-	1,055,145	13.11	-	-	-	-	-	1,055,145	-	1,055,145	13.11
2026	2027	9,142	13.6%	1,057,665	-	1,057,665	11.57	135,000	196,300	-	-	347,865	1,405,530	-	1,405,530	15.37
2027	2028	9,142	0.0%	1,064,175	(203,841)	860,334	9.41	300,000	219,750	-	-	545,738	1,406,071	-	1,406,071	15.38
2028	2029	9,142	0.0%	1,067,325	(42,567)	1,024,758	11.21	180,000	204,750	-	-	382,988	1,407,746	-	1,407,746	15.40
2029	2030	9,142	0.0%	1,063,755	(42,893)	1,021,062	11.17	185,000	196,750	(15,320)	-	385,518	1,406,580	-	1,406,580	15.39
2030	2031	9,142	0.0%	1,068,008	(42,550)	1,025,457	11.22	190,000	187,500	(15,421)	-	390,954	1,406,412	-	1,406,412	15.38
2031	2032	9,142	0.0%	1,066,065	(42,720)	1,023,345	11.19	200,000	178,000	(15,238)	-	381,662	1,405,007	-	1,405,007	15.37
2032	2033	9,142	0.0%	1,068,585	(42,643)	1,025,942	11.22	210,000	168,000	(15,266)	-	381,634	1,407,576	-	1,407,576	15.40
2033	2034	9,142	0.0%	885,885	(42,743)	843,142	9.22	395,000	157,500	(15,265)	-	564,860	1,408,001	-	1,408,001	15.40
2034	2035	9,142	0.0%	890,190	(35,435)	854,755	9.35	410,000	137,750	(22,594)	-	552,543	1,407,298	-	1,407,298	15.39
2035	2036	9,142	0.0%	883,575	(35,608)	847,967	9.28	465,000	117,250	(56,020)	-	555,342	1,403,309	-	1,403,309	15.35
2036	2037	9,142	0.0%	-	-	-	-	575,000	94,000	(56,132)	-	646,318	646,318	-	646,318	7.07
2037	2038	9,142	0.0%	-	-	-	-	570,000	71,000	(25,853)	-	647,197	647,197	-	647,197	7.08
2038	2039	9,142	0.0%	-	-	-	-	590,000	48,200	(25,888)	-	644,222	644,222	-	644,222	7.05
2039	2040	9,142	0.0%	-	-	-	-	615,000	24,600	(25,769)	-	645,811	645,811	-	645,811	7.06
2040	2041	9,142	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
2041	2042	9,142	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
2042	2042	9,142	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals				12,227,198	(530,801)	11,696,397		5,000,000	2,001,350	(288,767)	7,062,651	18,759,047	18,759,047			

1 Tax capacity value for taxes payable in 2024 is the actual value. Estimates for future years are based on the percentage changes as shown above.

2 Initial debt service levies (prior to subtracting debt equalization aid) are set at 105 percent of the principal and interest payments during the next fiscal year.

3 Debt excess adjustment for taxes payable in 2024 and 2025 are the actual amounts. The adjustment for 2026 is an estimate using the June 30, 2024 debt service fund balance. Debt excess for future years is estimated at 4% of the prior year's initial debt service levy.



Lake of the Woods School District No. 390

Estimated Tax Rates for Capital and Debt Service Levies
Existing Commitments and Proposed New Debt

\$5,000,000 Bond Issue
14 Tax Levies
Wrapped Around Existing Debt

