August 17, 2026

SALE DAY REPORT FOR:

Independent School District No. 361 (International Falls), Minnesota

$2,525,000 General Obligation Facilities Maintenance Bonds, Series 2026A

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

Sale Results

PURPOSE: To finance health and safety/indoor air and roofing projects included in the District's ten-year facility plan approved by the Commissioner of Education

RATING: **MN Credit Enhancement Rating:** S&P Global Ratings "AAA"
Underlying Rating: S&P Global Ratings "A" / Stable

NUMBER OF BIDS: 6

LOW BIDDER: BOK Financial Securities, Inc., Milwaukee, Wisconsin

COMPARISON FROM LOWEST TO HIGHEST BID:
(TIC as bid)

LOW BID:* 3.8182%

HIGH BID: 3.9919%

Summary of Sale Results:	
Principal Amount:	$2,525,000
Underwriter's Discount:	$30,113
Reoffering Premium:	$107,558
True Interest Cost:*	3.8042%
Capitalized Interest:	$113,000
Costs of Issuance:	$66,975
Yield:	2.80%-3.90%
Total Net P&I:	$3,461,796

* *After receipt of bids, certain maturities were adjusted. This caused a slight change in the True Interest Cost.*

NOTES: Bond Trust Services Corporation, Minneapolis, Minnesota will serve as the Paying Agent on the Bonds.

The Bonds maturing February 1, 2035 and thereafter are callable February 1, 2034 or any date thereafter.

CLOSING DATE: September 10, 2026

SCHOOL BOARD ACTION: Adopt the Resolution Awarding the Sale of $2,525,000 General Obligation Facilities Maintenance Bonds, Series 2026A.

SUPPLEMENTARY ATTACHMENTS

- Bid Tabulation
- Updated Sources and Uses of Funds
- Updated Combined Net Debt Service Schedule
- Updated Net Debt Service Schedule – IAQ Portion
- Updated Net Debt Service Schedule – Roofing Portion
- Updated Long-Term Financing Plan for Debt and Capital Payments and Levies
- Rating Report
- Bond Resolution (provided separately)

BID TABULATION

$2,525,000 General Obligation Facilities Maintenance Bonds, Series 2026A

Independent School District No. 361 (International Falls), Minnesota

SALE: August 17, 2026

AWARD: BOK FINANCIAL SECURITIES, INC.

MN Credit Enhancement Rating: S&P Global Ratings "AAA"
Underlying Rating: S&P Global Ratings "A" / Stable

Tax Exempt - Bank Qualified

NAME OF INSTITUTION	MATURITY (February 1)	COUPON RATE	REOFFERING YIELD	PRICE	TRUE INTEREST RATE
BOK FINANCIAL SECURITIES, INC.				$2,598,075.35	3.8182%
Milwaukee, Wisconsin	2029	5.000%	2.800%		
	2030	5.000%	2.870%		
	2031	5.000%	2.950%		
	2032	5.000%	3.000%		
	2033	5.000%	3.120%		
	2034	5.000%	3.210%		
	2035	4.000%	3.390%		
	2036	4.000%	3.440%		
	2037[1]	4.000%	3.650%		
	2038[1]	4.000%	3.650%		
	2039[2]	4.000%	3.750%		
	2040[2]	4.000%	3.750%		
	2041[3]	4.000%	3.900%		
	2042[3]	4.000%	3.900%		
	2043[3]	4.000%	3.900%		

* Subsequent to bid opening the individual maturity amounts were adjusted.
Adjusted Price: $2,602,445.20 Adjusted Net Interest Cost: $972,351.05 Adjusted TIC: 3.8042%

[1] $365,000 Term Bond due 2038 with mandatory redemption in 2037.
[2] $365,000 Term Bond due 2040 with mandatory redemption in 2039.
[3] $595,000 Term Bond due 2043 with mandatory redemption in 2041-2042.

NAME OF INSTITUTION	TRUE INTEREST RATE
RAYMOND JAMES & ASSOCIATES, INC. St. Petersburg, Florida	3.8527%
STIFEL, NICOLAUS & COMPANY, INCORPORATED Birmingham, Alabama	3.8574%
BAIRD Milwaukee, Wisconsin	3.8699%
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	3.8916%
TD FINANCIAL PRODUCTS LLC New York, New York	3.9919%

International Falls School District, ISD #361

Estimated Sources and Uses for Facilities Maintenance Bond Issue

August 17, 2026

	School Building Bonds	LTFM-DM	LTFM - IAQ	LTFM - Roofing	Total 2026A	Total Project
Estimated Bond Amount	**$18,430,000**	**$2,375,000**	**$2,125,000**	**$400,000**	**$2,525,000**	
Estimated Project Costs	**19,317,616**	**2,950,525**	**2,091,500**	**408,500**	**2,500,000**	**$24,768,141**
Dated Date of Bonds	**01/30/25**	**01/30/25**	**09/10/26**	**09/10/26**		
Sources of Funds						
Par Amount	$18,430,000	$2,375,000	$2,125,000	$400,000	$2,525,000	
Reoffering Premium [1]	827,298	128,943	80,545	27,013	107,558	
Funds on Hand [2]		500,000	95,000	18,000	113,000	
Investment Earnings [3]	860,000	102,254				962,254
Total Sources	$20,117,298	$3,106,197	$2,300,545	$445,013	$2,745,558	
Uses of Funds						
Underwriter's Compensation [4]	$189,833	$24,360	$25,342	$4,770	$30,113	
Capitalized Interest [2]			95,000	18,000	113,000	
Legal and Fiscal Costs [5]	119,757	15,368	56,365	10,610	66,975	
Net Available for Project Costs	**19,807,708**	**3,066,469**	**2,123,837**	**411,633**	**2,535,470**	**$25,409,647**
Total Uses	$20,117,298	$3,106,197	$2,300,545	$445,013	$2,745,558	
Initial Deposit to Construction Fund	**$18,947,708**	**$2,964,215**	**$2,123,837**	**$411,633**	**$2,535,470**	**$24,447,393**

1 The underwriter received a reoffering premium in the sale of the bonds. They will retain a portion of the premium as their compensation, or underwriter's discount. The remainder of the premium will be deposited in the construction fund and used to fund a portion of the project costs.

2 The District will use funds on hand in the debt service fund to pay a portion of the interest payments due during fiscal year 2027-28.

3 Investment earnings for the 2025A issue are estimates as of June 30, 2026. Investment earnings on the 2026A bonds are negligible due to the project nearing completion.

4 The underwriter's compensation 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.

5 Includes fees for municipal advisor, bond counsel, rating agency, county certificates and paying agent.

International Falls School District No. 361

$2,525,000 General Obligation Facilities Maintenance Bonds, Series 2026A

Issue Summary

Dated: September 10, 2026

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	Fiscal Total
09/10/2026	-	-	-	-	-	-	-
08/01/2027	-	-	97,771.25	97,771.25	(97,771.25)	-	-
02/01/2028	-	-	54,825.00	54,825.00	(15,228.75)	39,596.25	39,596.25
08/01/2028	-	-	54,825.00	54,825.00	-	54,825.00	-
02/01/2029	140,000.00	5.000%	54,825.00	194,825.00	-	194,825.00	249,650.00
08/01/2029	-	-	51,325.00	51,325.00	-	51,325.00	-
02/01/2030	130,000.00	5.000%	51,325.00	181,325.00	-	181,325.00	232,650.00
08/01/2030	-	-	48,075.00	48,075.00	-	48,075.00	-
02/01/2031	135,000.00	5.000%	48,075.00	183,075.00	-	183,075.00	231,150.00
08/01/2031	-	-	44,700.00	44,700.00	-	44,700.00	-
02/01/2032	145,000.00	5.000%	44,700.00	189,700.00	-	189,700.00	234,400.00
08/01/2032	-	-	41,075.00	41,075.00	-	41,075.00	-
02/01/2033	155,000.00	5.000%	41,075.00	196,075.00	-	196,075.00	237,150.00
08/01/2033	-	-	37,200.00	37,200.00	-	37,200.00	-
02/01/2034	160,000.00	5.000%	37,200.00	197,200.00	-	197,200.00	234,400.00
08/01/2034	-	-	33,200.00	33,200.00	-	33,200.00	-
02/01/2035	165,000.00	4.000%	33,200.00	198,200.00	-	198,200.00	231,400.00
08/01/2035	-	-	29,900.00	29,900.00	-	29,900.00	-
02/01/2036	170,000.00	4.000%	29,900.00	199,900.00	-	199,900.00	229,800.00
08/01/2036	-	-	26,500.00	26,500.00	-	26,500.00	-
02/01/2037	180,000.00	4.000%	26,500.00	206,500.00	-	206,500.00	233,000.00
08/01/2037	-	-	22,900.00	22,900.00	-	22,900.00	-
02/01/2038	185,000.00	4.000%	22,900.00	207,900.00	-	207,900.00	230,800.00
08/01/2038	-	-	19,200.00	19,200.00	-	19,200.00	-
02/01/2039	180,000.00	4.000%	19,200.00	199,200.00	-	199,200.00	218,400.00
08/01/2039	-	-	15,600.00	15,600.00	-	15,600.00	-
02/01/2040	185,000.00	4.000%	15,600.00	200,600.00	-	200,600.00	216,200.00
08/01/2040	-	-	11,900.00	11,900.00	-	11,900.00	-
02/01/2041	190,000.00	4.000%	11,900.00	201,900.00	-	201,900.00	213,800.00
08/01/2041	-	-	8,100.00	8,100.00	-	8,100.00	-
02/01/2042	200,000.00	4.000%	8,100.00	208,100.00	-	208,100.00	216,200.00
08/01/2042	-	-	4,100.00	4,100.00	-	4,100.00	-
02/01/2043	205,000.00	4.000%	4,100.00	209,100.00	-	209,100.00	213,200.00
Total	**$2,525,000.00**	**-**	**$1,049,796.25**	**$3,574,796.25**	**(113,000.00)**	**$3,461,796.25**	**-**

Yield Statistics

Bond Year Dollars	$25,163.96
Average Life	9.966 Years
Average Coupon	4.1718248%
Net Interest Cost (NIC)	3.8640624%
True Interest Cost (TIC)	3.8042475%
All Inclusive Cost (AIC)	4.1364266%
Bond Yield for Arbitrage Purposes	3.6363470%

IRS Form 8038

Net Interest Cost	3.6353714%
Weighted Average Maturity	9.845 Years
Dated	9/10/2026
First Available Call Date	2/01/2034

International Falls School District No. 361

$2,125,000 General Obligation Facilities Maintenance Bonds, Series 2026A

FM - IAQ Portion

Dated: September 10, 2026 - Purpose 1 of 2

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	Fiscal Total
09/10/2026	-	-	-	-	-	-	-
08/01/2027	-	-	81,275.42	81,275.42	(81,275.42)	-	-
02/01/2028	-	-	45,575.00	45,575.00	(13,724.58)	31,850.42	31,850.42
08/01/2028	-	-	45,575.00	45,575.00	-	45,575.00	-
02/01/2029	95,000.00	5.000%	45,575.00	140,575.00	-	140,575.00	186,150.00
08/01/2029	-	-	43,200.00	43,200.00	-	43,200.00	-
02/01/2030	95,000.00	5.000%	43,200.00	138,200.00	-	138,200.00	181,400.00
08/01/2030	-	-	40,825.00	40,825.00	-	40,825.00	-
02/01/2031	95,000.00	5.000%	40,825.00	135,825.00	-	135,825.00	176,650.00
08/01/2031	-	-	38,450.00	38,450.00	-	38,450.00	-
02/01/2032	105,000.00	5.000%	38,450.00	143,450.00	-	143,450.00	181,900.00
08/01/2032	-	-	35,825.00	35,825.00	-	35,825.00	-
02/01/2033	110,000.00	5.000%	35,825.00	145,825.00	-	145,825.00	181,650.00
08/01/2033	-	-	33,075.00	33,075.00	-	33,075.00	-
02/01/2034	115,000.00	5.000%	33,075.00	148,075.00	-	148,075.00	181,150.00
08/01/2034	-	-	30,200.00	30,200.00	-	30,200.00	-
02/01/2035	115,000.00	4.000%	30,200.00	145,200.00	-	145,200.00	175,400.00
08/01/2035	-	-	27,900.00	27,900.00	-	27,900.00	-
02/01/2036	120,000.00	4.000%	27,900.00	147,900.00	-	147,900.00	175,800.00
08/01/2036	-	-	25,500.00	25,500.00	-	25,500.00	-
02/01/2037	130,000.00	4.000%	25,500.00	155,500.00	-	155,500.00	181,000.00
08/01/2037	-	-	22,900.00	22,900.00	-	22,900.00	-
02/01/2038	185,000.00	4.000%	22,900.00	207,900.00	-	207,900.00	230,800.00
08/01/2038	-	-	19,200.00	19,200.00	-	19,200.00	-
02/01/2039	180,000.00	4.000%	19,200.00	199,200.00	-	199,200.00	218,400.00
08/01/2039	-	-	15,600.00	15,600.00	-	15,600.00	-
02/01/2040	185,000.00	4.000%	15,600.00	200,600.00	-	200,600.00	216,200.00
08/01/2040	-	-	11,900.00	11,900.00	-	11,900.00	-
02/01/2041	190,000.00	4.000%	11,900.00	201,900.00	-	201,900.00	213,800.00
08/01/2041	-	-	8,100.00	8,100.00	-	8,100.00	-
02/01/2042	200,000.00	4.000%	8,100.00	208,100.00	-	208,100.00	216,200.00
08/01/2042	-	-	4,100.00	4,100.00	-	4,100.00	-
02/01/2043	205,000.00	4.000%	4,100.00	209,100.00	-	209,100.00	213,200.00
Total	**$2,125,000.00**	-	**$931,550.42**	**$3,056,550.42**	**(95,000.00)**	**$2,961,550.42**	-

Yield Statistics

Bond Year Dollars	$22,517.29
Average Life	10.596 Years
Average Coupon	4.1370447%
Net Interest Cost (NIC)	3.8918895%
True Interest Cost (TIC)	3.8418556%
All Inclusive Cost (AIC)	4.1585368%
Bond Yield for Arbitrage Purposes	3.6363470%

IRS Form 8038

Net Interest Cost	3.6828779%
Weighted Average Maturity	10.477 Years
Dated	9/10/2026
First Available Call Date	2/01/2034

International Falls School District No. 361

$400,000 General Obligation Facilities Maintenance Bonds, Series 2026A

FM - Roofing Portion

Dated: September 10, 2026 - Purpose 2 of 2

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	Fiscal Total
09/10/2026	-	-	-	-	-	-	-
08/01/2027	-	-	16,495.83	16,495.83	(16,495.83)	-	-
02/01/2028	-	-	9,250.00	9,250.00	(1,504.17)	7,745.83	7,745.83
08/01/2028	-	-	9,250.00	9,250.00	-	9,250.00	-
02/01/2029	45,000.00	5.000%	9,250.00	54,250.00	-	54,250.00	63,500.00
08/01/2029	-	-	8,125.00	8,125.00	-	8,125.00	-
02/01/2030	35,000.00	5.000%	8,125.00	43,125.00	-	43,125.00	51,250.00
08/01/2030	-	-	7,250.00	7,250.00	-	7,250.00	-
02/01/2031	40,000.00	5.000%	7,250.00	47,250.00	-	47,250.00	54,500.00
08/01/2031	-	-	6,250.00	6,250.00	-	6,250.00	-
02/01/2032	40,000.00	5.000%	6,250.00	46,250.00	-	46,250.00	52,500.00
08/01/2032	-	-	5,250.00	5,250.00	-	5,250.00	-
02/01/2033	45,000.00	5.000%	5,250.00	50,250.00	-	50,250.00	55,500.00
08/01/2033	-	-	4,125.00	4,125.00	-	4,125.00	-
02/01/2034	45,000.00	5.000%	4,125.00	49,125.00	-	49,125.00	53,250.00
08/01/2034	-	-	3,000.00	3,000.00	-	3,000.00	-
02/01/2035	50,000.00	4.000%	3,000.00	53,000.00	-	53,000.00	56,000.00
08/01/2035	-	-	2,000.00	2,000.00	-	2,000.00	-
02/01/2036	50,000.00	4.000%	2,000.00	52,000.00	-	52,000.00	54,000.00
08/01/2036	-	-	1,000.00	1,000.00	-	1,000.00	-
02/01/2037	50,000.00	4.000%	1,000.00	51,000.00	-	51,000.00	52,000.00
Total	**$400,000.00**	**-**	**$118,245.83**	**$518,245.83**	**(18,000.00)**	**$500,245.83**	**-**

Yield Statistics

Bond Year Dollars	$2,646.67
Average Life	6.617 Years
Average Coupon	4.4677266%
Net Interest Cost (NIC)	3.6273147%
True Interest Cost (TIC)	3.5146128%
All Inclusive Cost (AIC)	3.9673826%
Bond Yield for Arbitrage Purposes	3.6363470%

IRS Form 8038

Net Interest Cost	3.2449324%
Weighted Average Maturity	6.584 Years
Dated	9/10/2026
First Available Call Date	2/01/2034

International Falls School District No. 361

Analysis of Possible Structure for Capital and Debt Levies

$2,525,000 Bond Issue
17 Tax Levies
Wrapped Around Existing Debt

Type of Bond	Principal Amount	Dated Date	Interest Rate
FM- Health & Safety	$2,125,000	09/10/26	3.84%
FM- Roofing	$400,000	09/10/26	3.51%

August 17, 2026

Levy Payable Year	Fiscal Year	Tax Capacity Value[1] ($000s)	% Chg	Existing Commitments[4]: Building Bonds[2]	Existing Commitments: Alt Fac/Fac Maint H&S Bonds[2]	Existing Commitments: Est. Debt Excess[3]	Existing Commitments: Net Levy	Existing Commitments: Tax Rate	Existing Tax Rate	Proposed New Board Approved Bonds: Principal	Proposed New Board Approved Bonds: Interest	Proposed New Board Approved Bonds: Add'l. Debt Excess[3]	Proposed New Board Approved Bonds: Net Levy	Proposed New Board Approved Bonds: Principal	Proposed New Board Approved Bonds: Interest	Proposed New Board Approved Bonds: Add'l. Debt Excess[3]	Proposed New Board Approved Bonds: Net Debt Levy	Combined Totals: Initial Debt Levy	Combined Totals: Net Levy	Combined Totals: Tax Rate
2025	2026	11,685	0.9%	1,343,266	330,960	-	1,674,226	14.33	14.33	-	-	-	-	-	-	-	-	1,674,226	1,674,226	14.33
2026	2027	12,418	6.3%	1,407,735		-	1,407,735	11.34	11.34	-	-		94,106	-	-		48,169	1,550,010	1,550,010 [4]	12.48
2027	2028	12,629	1.7%	1,409,100	342,510	-	1,751,610	13.87	13.87	-	126,850 [5]		33,443	-	25,746 [5]	-	8,133	1,793,186	1,793,186	14.20
2028	2029	12,629	0.0%	1,099,560	502,845	(70,064)	1,532,341	12.13	12.13	95,000	91,150	-	195,458	45,000	18,500	-	66,675	1,794,473	1,794,473	14.21
2029	2030	12,629	0.0%	1,105,335	519,435	(64,096)	1,560,674	12.36	12.36	95,000	86,400	(7,818)	182,652	35,000	16,250	(2,667)	51,146	1,794,471	1,794,471	14.21
2030	2031	12,629	0.0%	1,624,560	-	(64,991)	1,559,569	12.35	12.35	95,000	81,650	(7,306)	178,176	40,000	14,500	(2,046)	55,179	1,792,925	1,792,925	14.20
2031	2032	12,629	0.0%	1,623,510	-	(64,982)	1,558,528	12.34	12.34	105,000	76,900	(7,127)	183,868	40,000	12,500	(2,207)	52,918	1,795,313	1,795,313	14.22
2032	2033	12,629	0.0%	1,620,360	-	(64,940)	1,555,420	12.32	12.32	110,000	71,650	(7,355)	183,378	45,000	10,500	(2,117)	56,158	1,794,956	1,794,956	14.21
2033	2034	12,629	0.0%	1,620,360	-	(64,814)	1,555,546	12.32	12.32	115,000	66,150	(7,335)	182,872	45,000	8,250	(2,246)	53,666	1,792,084	1,792,084	14.19
2034	2035	12,629	0.0%	1,623,248	-	(64,814)	1,558,433	12.34	12.34	115,000	60,400	(7,315)	176,855	50,000	6,000	(2,147)	56,653	1,791,942	1,791,942	14.19
2035	2036	12,629	0.0%	1,623,510	-	(64,930)	1,558,580	12.34	12.34	120,000	55,800	(7,074)	177,516	50,000	4,000	(2,266)	54,434	1,790,530	1,790,530	14.18
2036	2037	12,629	0.0%	1,621,620	-	(64,940)	1,556,680	12.33	12.33	130,000	51,000	(7,101)	182,949	50,000	2,000	(2,177)	52,423	1,792,052	1,792,052	14.19
2037	2038	12,629	0.0%	1,623,300	-	(64,865)	1,558,435	12.34	12.34	185,000	45,800	(7,318)	235,022	-	-	-	-	1,793,457	1,793,457	14.20
2038	2039	12,629	0.0%	1,623,090	-	(64,932)	1,558,158	12.34	12.34	180,000	38,400	(9,401)	219,919	-	-		-	1,778,077	1,778,077	14.08
2039	2040	12,629	0.0%	1,620,990	-	(64,924)	1,556,066	12.32	12.32	185,000	31,200	(8,797)	218,213	-	-		-	1,774,280	1,774,280	14.05
2040	2041	12,629	0.0%	1,622,250	-	(64,840)	1,557,410	12.33	12.33	190,000	23,800	(8,729)	215,761	-	-	-	-	1,773,172	1,773,172	14.04
2041	2042	12,629	0.0%	1,621,410	-	(64,890)	1,556,520	12.33	12.33	200,000	16,200	(8,630)	218,380	-	-	-	-	1,774,900	1,774,900	14.05
2042	2043	12,629	0.0%	1,623,720	-	(64,856)	1,558,864	12.34	12.34	205,000	8,200	(8,735)	215,125	-	-	-	-	1,773,988	1,773,988	14.05
2043	2044	12,629	0.0%	1,618,470	-	(64,949)	1,553,521	12.30	12.30	-	-	-	-	-	-	-	-	1,553,521	1,553,521	12.30
2044	2045	12,629	0.0%	1,621,620	-	(64,739)	1,556,881	12.33	12.33	-	-	-	-	-	-	-	-	1,556,881	1,556,881	12.33
2045	2046	12,629	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2046	2047	12,629	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2047	2048	12,629	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals				**30,697,014**	**1,695,750**	**(1,107,567)**	**31,285,196**			**2,125,000**	**931,550**	**(110,041)**	**3,093,693**	**400,000**	**118,246**	**(17,873)**	**555,554**	**34,934,443**	**34,934,443**	

1 Tax capacity value for taxes payable in 2025 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 2025 and 2026 are the actual amounts. The adjustment for 2027 is an estimate using the June 30, 2025 debt service fund balance. Debt excess for future years is estimated at 4% of the prior year's initial debt service levy.

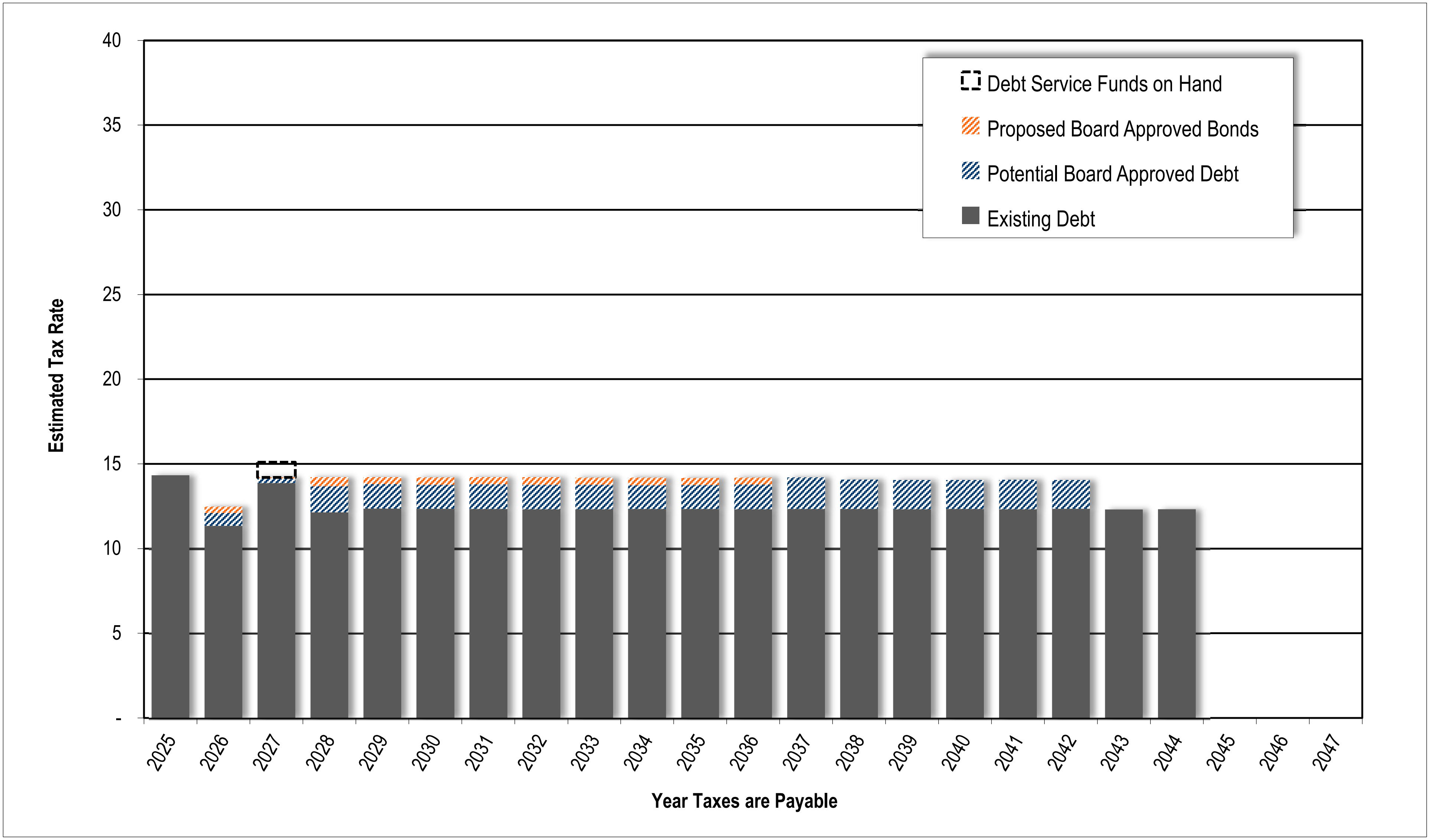
4 As part of the 2025 Payable 2026 Levy, a component of the district's debt service levy was inadvertently excluded.

5 A portion of the interest payments due on the new bonds due during fiscal year 2027-28, estimated at $113,000, will be made from funds on hand in the Debt Service Fund.

International Falls School District No. 361

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

$2,525,000 Bond Issue
17 Tax Levies
Wrapped Around Existing Debt



Date Prepared: August 17, 2026

EHLERS PUBLIC FINANCE ADVISORS

Debt Plan 26b-I Falls(Results).xlsx

Research Update:

International Falls Independent School District No. 361, MN Series 2026A GO Facilities Maintenance Bonds Rated 'A'

August 11, 2026

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Overview

- S&P Global Ratings assigned its 'AAA' long-term rating (based on credit enhancement) and 'A' underlying rating to International Falls Independent School District No. 361, Minnesota's expected $2.525 million series 2026A general obligation (GO) facilities maintenance bonds.
- At the same time, S&P Global Ratings affirmed its 'A' underlying rating on the district's GO debt outstanding.
- The outlook is stable.

Rationale

Security

Revenue from the district's unlimited ad valorem property tax secures the GO bonds. The district will use proceeds for roofing improvements and indoor air projects in alignment with its long-term facilities maintenance plan.

The long-term rating reflects our assessment of the district's eligibility for, and participation in, Minnesota's School District Credit Enhancement Program. The outlook mirrors and moves in tandem with that on the Minnesota GO rating. For more information, see "Minnesota Credit Enhancement Programs," July 10, 2024.

Credit highlights

The 'A' underlying rating reflects the district's limited local economy, long-term trend of declining enrollment, and less formalized financial management policies and practices. Offsetting these weaknesses are the district’s robust available fund balances that compare favorably with those of similarly rated peers and its manageable debt profile with no additional near-term debt plans. We consider economic factors, including the long-term trend of local population decline, to be a constraint on upward pressure given ongoing demographic headwinds.

The district outperformed its deficit budget for fiscal 2025, ending the year with a smaller-than-anticipated deficit of $233,000 (1.6% of general fund revenues) due to favorable variances on investment income. Projections show a $75,000 surplus (0.5%) for fiscal 2026 based on the latest available budget to actuals, which management attributes to its more proactive approach to securing state and federal grant funding. The district adopted a $479,000 (3.2%) surplus budget for fiscal 2027, reflective of additional staffing cuts and grant funding. Management expects to maintain available reserves at or above current levels.

The rating further reflects our view of the district's:

- Limited local economy and somewhat remote location along the Canadian border in Koochiching County. Economic metrics are largely in line with those of similarly rated state peers. Packaging Corp. of America, a local paper mill, and a major employer and taxpayer for the district, is undergoing some modest expansion. Management also notes some positive trends in the local economy, including downtown redevelopment projects and local retail growth. We consider the longstanding trends of population decline at the local and county levels a negative factor in our assessment of the local economy, and we have incorporated this into our analysis. Management has implemented a comprehensive online and hybrid school program designed to increase enrollment and strengthen district programming, which we view as a credit strength.
- Overall trend of positive financial performance, despite a modest deficit in fiscal 2025. The district is projecting a small surplus for 2026 and adopted a surplus budget for 2027 (fiscal year-end June 30). Management does not expect to draw down available general fund reserves from current levels in the near term. We view the district's robust fund balances as a positive factor, as they provide some additional buffer should the district be faced with greater-than-expected enrollment declines.
- Financial management framework, which includes conservative budgetary assumptions; limited monitoring of budget-to-actual performance; a detailed five-year financial forecast; a 10-year capital improvement plan for projects funded through long-term facility maintenance revenue; and a formal investment management policy. The district maintains a formal fund balance policy that requires the district maintain a minimum of two-and-a-half months of expenditures in unassigned general fund balance, which it is currently slightly below. We view cyber risk mitigation measures as consistent with our view of the district's credit fundamentals.
- Manageable debt and liabilities profile, which is partially offset by 6.0% of gross debt support by the state's Ag2School tax credit. Management has no additional debt plans. The district participates in the Minnesota Teachers Retirement Assn., funded at 84.5%, and the Minnesota General Employee Retirement Fund, funded at 90.8%. We do not consider pension liabilities a near-term source of budgetary pressure.
- For more information on our institutional framework assessment for school districts, see "Institutional Framework Assessment: Minnesota Local Governments," Sept. 10, 2024.

Outlook

The stable outlook reflects our view that the district's sound reserve balances will continue to support rating stability despite potential pressures from declining enrollment.

Downside scenario

We could lower the rating if the district is unable to maintain balanced operations, leading to material deterioration of reserves.

Upside scenario

We could raise the rating if local population trends and enrollment stabilize and the local economy improves.

International Falls Independent School District No. 361, Minnesota--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	3.09
Economy	6.0
Financial performance	3
Reserves and liquidity	1
Management	2.95
Debt and liabilities	2.50

International Falls Independent School District No. 361, Minnesota --key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	63	--	63	63
County PCPI % of U.S.	79	--	79	79
Market value ($000s)	1,349,005	1,251,076	1,270,274	1,232,172
Market value per capita ($)	148,831	138,027	142,743	134,107
Top 10 taxpayers % of taxable value	18.7	--	19.0	--
County unemployment rate (%)	5.5	5.3	4.3	4.0
Local median household EBI % of U.S.	91	91	86	85
Local per capita EBI % of U.S.	95	95	93	92
Local population	9,064	9,064	8,899	9,188
Financial performance				
Operating fund revenues ($000s)	--	14,817	15,372	14,225
Operating fund expenditures ($000s)	--	15,079	13,987	13,719
Net transfers and other adjustments ($000s)	--	29	9	96
Operating result ($000s)	--	(233)	1,394	602
Operating result % of revenues	--	(1.6)	9.1	4.2
Operating result three-year average %	--	3.9	4.2	(0.7)
Enrollment	--	866	865	878
Reserves and liquidity				
Available reserves % of operating revenues	--	22.5	25.9	21.1
Available reserves ($000s)	--	3,332	3,979	3,003
Debt and liabilities				
Debt service cost % of revenues	--	3.4	3.3	3.5
Net direct debt per capita ($)	2,579	2,423	330	370
Net direct debt ($000s)	23,372	21,960	2,934	3,396
Direct debt 10-year amortization (%)	40	44	100	--
Pension and OPEB cost % of revenues	--	4.0	4.0	5.0
NPLs per capita ($)	--	659	749	997

International Falls Independent School District No. 361, Minnesota --key credit metrics

	Most recent	2025	2024	2023
Combined NPLs ($000s)	--	5,972	6,664	9,164

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List	
New Issue Ratings	
US$2,525,000 International Falls Independent School District No.361, Minnesota, General Obligation Facil Maintenance Bonds, Series 2026A, dated: Date of Delivery, due: February 1, 2043	
Long Term Rating	AAA/Stable
Underlying Rating for Credit Program	A/Stable
Ratings Affirmed	
Local Government	
International Falls Independent School District #361 MN Unlimited Tax General Obligation	A/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.