October 19, 2021

SALE DAY REPORT FOR:

Independent School District No. 833 (South Washington County Schools), Minnesota

$4,300,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021A

Prepared by:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

COMPETITIVE SALE RESULTS

Purpose:	To finance the current refunding of the 2027 maturity of the District's $6,150,000 General Obligation Alternative Facilities Bonds, Series 2012A.
Rating:	**MN Credit Enhancement Rating:** Moody's Investor's Service "Aa2" **Underlying Rating:** Moody's Investor's Service "A2"
Number of Bids:	4
Low Bidder:	Northland Securities, Inc., Minneapolis, Minnesota

Comparison from Lowest to Highest Bid: (TIC as bid)

Low Bid	0.9607%
High Bid	1.1018%
Interest Difference	$38,635

Summary of Sale Results:

Principal Amount*:	$4,300,000
Underwriter's Discount:	$24,940
Reoffering Premium:	$251,378
True Interest Cost:	0.9607%
Costs of Issuance:	$51,394
Yield:	0.85%
Future Value Savings:	$454,315
Present Value Savings:	$439,518
Savings Percentage:	8.806%
Total Net P&I:	$4,747,873

** The winning bidder submitted a bid with a premium price (a price greater than the par amount of the bonds) that was larger than the estimates in the Pre-Sale Report. A portion of the net premium (reoffering premium minus underwriter's discount) was used to reduce the bond amount. As a result, the principal amount of the bonds was reduced from $4,320,000 (in the Pre-Sale Report and the Preliminary Official Statement) to $4,300,000.*

Notes: The True Interest Cost of 0.96% is lower than the 1.05% estimated in the Pre-Sale Report presented to the School Board on September 23. As a result, the future value savings of $454,315 is greater than the estimate of $432,328 in the Pre-Sale Report. The net present value of savings as a percentage of refunded debt service is 8.806%.

Closing Date: November 16, 2021

School Board Action: Adopt the Resolution Awarding the Sale of $4,300,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021A.

Supplementary Attachments

- ✓ Bid Tabulation
- ✓ Updated Sources and Uses of Funds
- ✓ Existing Debt Service Schedule – Callable Portion of 2012A Bonds
- ✓ Updated Debt Service Schedule for the Refunding Bonds
- ✓ Updated Debt Service Comparison/Refunding Savings Analysis
- ✓ Rating Reports
- ✓ Resolution Awarding Sale of Refunding Bonds (Distributed Separately)

BID TABULATION

$4,320,000* General Obligation Alternative Facilities Refunding Bonds, Series 2021A

Independent School District No. 833 (South Washington County Schools), Minnesota

SALE: October 19, 2021

AWARD: NORTHLAND SECURITIES, INC.

MN Credit Enhancement Rating: Moody's Investor's Service "Aa2"
Underlying Rating: Moody's Investor's Service "A2"

Tax Exempt - Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota UBB D.A. Davidson	2027	2.000%	0.850%	$4,547,491.20	$222,508.80	0.9607%
PIPER SANDLER & CO. Minneapolis, Minnesota				$4,752,604.80	$242,395.20	1.0204%
BOK FINANCIAL SECURITIES, INC. Milwaukee, Wisconsin				$4,533,148.80	$236,851.20	1.0244%
BAIRD Milwaukee, Wisconsin				$4,733,856.00	$261,144.00	1.1018%

* Subsequent to bid opening the issue size was decreased to $4,300,000.
Adjusted Price - $4,526,438.00 Adjusted Net Interest Cost - $221,478.67 Adjusted TIC - 0.9607%

South Washington County School District No. 833

$4,300,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021A
Dated: November 16, 2021 - Current Refunding of
$6,150,000 G.O. Alternative Facilities Bonds, Series 2012A

Sources & Uses

Dated 11/16/2021 | Delivered 11/16/2021

Sources Of Funds

Par Amount of Bonds	$4,300,000.00
Reoffering Premium	251,378.00
Total Sources	**$4,551,378.00**

Uses Of Funds

Total Underwriter's Discount (0.580%)	24,940.00
Costs of Issuance	51,394.00
Deposit to Current Refunding Fund	4,475,000.00
Rounding Amount	44.00
Total Uses	**$4,551,378.00**

South Washington County School District No. 833

$6,150,000 G.O. Alternative Facilities Bonds, Series 2012A

Prior Original Debt Service

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/01/2022	-	-	-	-	-
08/01/2022	-	-	72,718.75	72,718.75	-
02/01/2023	-	-	72,718.75	72,718.75	145,437.50
08/01/2023	-	-	72,718.75	72,718.75	-
02/01/2024	-	-	72,718.75	72,718.75	145,437.50
08/01/2024	-	-	72,718.75	72,718.75	-
02/01/2025	-	-	72,718.75	72,718.75	145,437.50
08/01/2025	-	-	72,718.75	72,718.75	-
02/01/2026	-	-	72,718.75	72,718.75	145,437.50
08/01/2026	-	-	72,718.75	72,718.75	-
02/01/2027	4,475,000.00	3.250%	72,718.75	4,547,718.75	4,620,437.50
Total	**$4,475,000.00**	**-**	**$727,187.50**	**$5,202,187.50**	**-**

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	11/16/2021
Average Life	5.208 Years
Average Coupon	3.2500000%
Weighted Average Maturity (Par Basis)	5.208 Years
Weighted Average Maturity (Original Price Basis)	5.208 Years

Refunding Bond Information

Refunding Dated Date	11/16/2021
Refunding Delivery Date	11/16/2021

South Washington County School District No. 833

$4,300,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021A
Dated: November 16, 2021 - Current Refunding of
$6,150,000 G.O. Alternative Facilities Bonds, Series 2012A

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
02/01/2022	-	-	-	-
02/01/2023	-	-	103,916.67	103,916.67
02/01/2024	-	-	86,000.00	86,000.00
02/01/2025	-	-	86,000.00	86,000.00
02/01/2026	-	-	86,000.00	86,000.00
02/01/2027	4,300,000.00	2.000%	86,000.00	4,386,000.00
Total	**$4,300,000.00**	**-**	**$447,916.67**	**$4,747,916.67**

Yield Statistics

Bond Year Dollars	$22,395.83
Average Life	5.208 Years
Average Coupon	2.0000000%
Net Interest Cost (NIC)	0.9889280%
True Interest Cost (TIC)	0.9607179%
Bond Yield for Arbitrage Purposes	0.8499139%
All Inclusive Cost (AIC)	1.1912406%

IRS Form 8038

Net Interest Cost	0.8290989%
Weighted Average Maturity	5.208 Years

South Washington County School District No. 833

$4,300,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021A
Dated: November 16, 2021 - Current Refunding of
$6,150,000 G.O. Alternative Facilities Bonds, Series 2012A

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
02/01/2022	-	(44.00)	-	44.00
02/01/2023	103,916.67	103,916.67	145,437.50	41,520.83
02/01/2024	86,000.00	86,000.00	145,437.50	59,437.50
02/01/2025	86,000.00	86,000.00	145,437.50	59,437.50
02/01/2026	86,000.00	86,000.00	145,437.50	59,437.50
02/01/2027	4,386,000.00	4,386,000.00	4,620,437.50	234,437.50
Total	**$4,747,916.67**	**$4,747,872.67**	**$5,202,187.50**	**$454,314.83**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings....................	439,474.01
Net PV Cashflow Savings @ 0.850%(Bond Yield).....	439,474.01
Contingency or Rounding Amount...................	44.00
Net Present Value Benefit	$439,518.01
Net PV Benefit / $4,990,852.01 PV Refunded Debt Service	8.806%
Net PV Benefit / $4,475,000 Refunded Principal...	9.822%
Net PV Benefit / $4,300,000 Refunding Principal..	10.221%

Refunding Bond Information

Refunding Dated Date	11/16/2021
Refunding Delivery Date	11/16/2021

Moody's
INVESTORS SERVICE

Rating Action: Moody's assigns A2 UND and Aa2 ENH to South Washington County ISD 833, MN's GOULT Bonds

14 Oct 2021

New York, October 14, 2021 -- Moody's Investors Service, has assigned an A2 underlying rating and Aa2 enhanced rating to South Washington County Independent School District 833, MN's $4.3 million General Obligation Alternative Facilities Refunding Bonds, Series 2021A. Moody's maintains the district's A2 issuer rating and the A2 rating on its outstanding general obligation unlimited tax (GOULT) debt. The issuer rating reflects the district's ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features. Post-sale, the district will have about $291.4 million in rated GOULT debt outstanding.

RATINGS RATIONALE

The A2 issuer rating reflects the district's strong resident incomes and growing wealth, located within the Twin Cities metro area. The rating also incorporates the district's narrow financial position that is expected to improve due to expenditure cuts, and growing enrollment trends which positively affects revenues. The leverage ratio is above average and will likely grow given additional borrowing needs in the near term to address capacity issues. Fixed costs are moderate.

The A2 GOULT rating is equivalent to the A2 issuer rating based on the district's full faith and credit pledge supported by authority to raise ad valorem property taxes without limit as to rate or amount.

The enhanced rating reflects the additional security provided by the State of Minnesota's School District Credit Enhancement (MSDCE) Program. The Aa2 enhanced programmatic rating is notched once from the State of Minnesota's Aa1 general obligation unlimited tax (GOULT) rating and the enhancement program carries a positive outlook, reflecting the positive outlook on the State of Minnesota. The enhanced rating reflects sound program mechanics and the State of Minnesota's pledge of an unlimited appropriation from its General Fund should the district be unable to meet debt service requirements. The program's mechanics include a provision for third party notification of pending deficiency. If the school district does not transfer funds necessary to pay debt to the paying agent at least three days prior to the payment due date, the state will appropriate the payment to the paying agent directly. Moody's has received a copy of the signed program applications.

RATING OUTLOOK

Moody's does not usually assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Material increases in reserves and liquidity

- Significant moderation of leverage

- Upward movement in State of Minnesota's underlying GOULT rating (enhanced)

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Reductions in reserves or liquidity

- Material growth in leverage

- Downward movement in the State of Minnesota's underlying GOULT rating (enhanced)

- Weakening of the credit enhancement program mechanics (enhanced)

LEGAL SECURITY

The general obligation unlimited tax (GOULT) bonds are supported by the district's full faith and credit pledge and the authority to levy a dedicated property tax unlimited as to rate and amount. The bonds are additionally secured by statute. The GOULT bonds are also supported by the State of Minnesota's School District Credit Enhancement Program which provides for an unlimited advance from the state's general fund should the district be unable to meet debt service requirements.

USE OF PROCEEDS

Proceeds of the Series 2021A bonds will be used to refund the district's outstanding General Obligation Alternative Facilities Bonds, Series 2012A, for interest cost savings.

PROFILE

The district encompasses approximately 85 square miles and serves all or portions of the cities of Woodbury, Cottage Grove, Newport, and St. Paul Park. The district is located in the Twin Cities metropolitan area, with a population of over 101,000 residents and enrollment of 18,437 students.

METHODOLOGY

The principal methodology used in the underlying rating was US K-12 Public School Districts Methodology published in January 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1202421. The principal methodology used in the enhanced rating was State Aid Intercept Programs and Financings published in December 2017 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1067422 . Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

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For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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CREDIT OPINION
15 October 2021

Rate this Research

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South Washington County ISD 833, MN

Update to credit analysis

Summary

South Washington County ISD 833, MN's (A2) credit benefits from it's favorable location in the Twin Cities metropolitan area, with strong resident incomes, growing wealth (full value per capita), and a stable enrollment trend that is expected to grow. The district has a narrow financial position, however reserves are expected to improve over the next two years due to significant expenditure reductions and enrollment growth in fiscal 2022. The leverage ratio is above average, and will likely grow given the need for additional borrowing in the near term due to capacity issues. Fixed costs are moderate.

Credit strengths

» Favorably located within commuting distance to Minneapolis (Aa1 stable) and St. Paul (Aa1 stable)

» Strong resident incomes and growing wealth levels (full value per capita)

» Stable enrollment trend, expected to grow

Credit challenges

» Narrow available reserve levels

» High leverage ratio, expected to grow

Rating outlook

Moody's does not usually assign outlooks to local governments with this amount of debt.

Factors that could lead to an upgrade

» Material increases in reserves and liquidity

» Significant moderation of leverage

Factors that could lead to a downgrade

» Reductions in reserves or liquidity

» Material growth in leverage

Key indicators

Exhibit 1

South Washington County I.S.D. 833, MN

	2017	2018	2019	2020	A Medians
Economy					
Resident income	159.3%	157.0%	159.8%	159.8%	97.0%
Full value ($000)	$10,537,041	$11,227,237	$12,011,323	12,979,379	$1,077,779
Population	97,240	98,542	101,208	101,208	13,232
Full value per capita	$108,361	$113,934	$118,680	$128,245	$82,579
Enrollment	18,623	18,924	18,966	19,298	1,870
Enrollment trend	N/A	N/A	2.0%	1.2%	-0.5%
Financial performance					
Operating revenue ($000)	$250,432	$256,781	$272,287	$281,706	$26,801
Available fund balance ($000)	$9,377	$10,062	$14,151	$18,700	$5,966
Net cash ($000)	$158,601	$44,425	$49,740	$53,463	$6,545
Available fund balance ratio	3.7%	3.9%	5.2%	6.6%	21.9%
Net cash ratio	63.3%	17.3%	18.3%	19.0%	26.0%
Leverage					
Debt ($000)	$463,097	$349,343	$327,042	$359,980	$20,717
ANPL ($000)	$683,362	$683,703	$507,831	$620,397	$40,570
OPEB ($000)	N/A	$13,658	$15,126	$16,316	$3,790
Long-term liabilities ratio	N/A	407.6%	312.2%	353.8%	295.9%
Implied debt service ($000)	$32,802	$34,398	$25,740	$23,845	$1,451
Pension tread water ($000)	$15,321	$15,386	$13,654	N/A	$1,311
OPEB contributions ($000)	N/A	$4,000	$1,013	$790	$167
Fixed-costs ratio	N/A	20.9%	14.8%	13.6%	13.1%

The district's reported cash position is elevated in 2017 due to the timing of refunding bonds.
For definitions of the metrics in the table above please refer to the US K-12 Public School Districts Methodology or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published K12 Median Report.
Sources: US Census Bureau, South Washington County I.S.D. 833, MN's financial statements and Moody's Investors Service

Profile

The district encompasses approximately 85 square miles and serves all or portions of the cities of Woodbury, Cottage Grove (Aa1), Newport, and St. Paul Park. The district is located in the Twin Cities metropolitan area, with a population of over 101,000 residents and enrollment of 18,437 students.

Detailed credit considerations

Economy

The district's economy will remain stable supported by its healthy resident incomes and growing wealth, and access to employment opportunities in the cities of Minneapolis and St. Paul, MN. Located in Washington County (Aaa stable), the district is situated 10 miles southeast of the Twin Cities area and encompasses 85 square miles. The district's largest local employers include the district (2,594), and Woodwinds Health East Campus, a hospital and medical care facility (1,331). As of August 2021, Washington County's unemployment rate was 3%, which is lower than both the state and the nation. The district has above average resident incomes equal to 160% of the national median. Wealth reflected in full value per capita for 2021 is also healthy at $138,000.

The district has a history of strong population growth driven in part by new residential development in the cities of Woodbury and Cottage Grove. Over the last decade (from 2010-2019) the district's population has grown by approximately 9%, and is currently estimated at just over 101,000. The district's enrollment has remained stable with growth averaging 0.1% over the last three years which management attributes to ongoing residential development in the area. After four consecutive years of enrollment growth, the district saw a decline in fiscal 2021 due to the pandemic, however fiscal 2022 numbers show growth of approximately 400 students.

Financial operations

We expect the district's financial position will remain narrow, but sufficient, given significant expenditure reductions and a growing enrollment trend in fiscal 2022, which favorably impacts revenues. For fiscal 2020, the district ended with an available general fund balance of $12.2 million, or a narrow 5% of revenues in fiscal 2020. The available fund balance across all operating funds (General and Debt Service Funds), totaled $18.7 million, or a narrow 6% of operating revenues. For fiscal 2021, the district's amended budget reflected a $3.6 million deficit in the general fund, due primarily to a drop in enrollment, however unaudited year end results reflect balanced operations. The favorable results are driven primarily by significant expenditure cuts by management. For fiscal 2022 the district budgeted for a $1.9 million surplus in the general fund driven again by significant expenditure cuts. The budget does not incorporate the state's 2% increase in the funding formula for fiscal 2022, or enrollment growth, which favorably impacts revenue.

Similar to most Minnesota school districts, state aid is the primary source of revenue for the district and accounted for 65% of operating revenues in fiscal 2020. State aid is largely driven by enrollment, with some adjustments for wealth and need. Property taxes comprised 31% of operating revenues in fiscal 2020. The district is holding a referendum election in November 2021 that if passed would revoke and replace current voter-approved operating referendum and capital project levy authorities with increased authorities. The proposed operating referendum and capital project levy authorities would provide additional revenue of approximately $7 million and $2 million, respectively, for fiscal year 2022-23.

Liquidity

At the close of fiscal 2020, the district's net cash position in the operating funds totaled $53.5 million, or 19% of revenues.

The district's liquidity and financial flexibility have historically been enhanced by additional unrestricted cash in its Internal Service Fund, which held $4.4 million in cash as of June 30, 2021. The cash in the Internal Service Fund was accumulated over time through operating transfers from the General Fund. Although the reserves in the Internal Service Fund were originally intended for future other post employment benefit (OPEB) payments, management reports that the cash is unrestricted and has provided the district with an alternate source of liquidity, mitigating cash flow pressures. The OPEB portion of the internal service fund was transitioned to an irrevocable trust at June 30, 2019.

Leverage

The district’s overall leverage is high, and is expected to grow given capacity issues from growing enrollment, particulary in its high school facilities. The district plans to issue approximately $36 million in GO facilities maintenance bonds in the next year, however will also need to go back to voters in the near term to issue additional debt to address capacity issues. Total leverage currently is 354% of fiscal 2020 operating revenue, largely reflecting its adjusted net pension liability, which is equal to 220% of operating revenue. Adjusted fixed costs, inclusive of debt service and retirement contributions, are moderate at 14% of revenue.

Legal security

The general obligation unlimited tax (GOULT) bonds are supported by the district's full faith and credit pledge and the authority to levy a dedicated property tax unlimited as to rate and amount. The bonds are additionally secured by statute. The GOULT bonds are also supported by the State of Minnesota's School District Credit Enhancement Program which provides for an unlimited advance from the state's general fund should the district be unable to meet debt service requirements.

Debt structure

All of the district’s debt is fixed rate. Amortization is below average with 74% of the outstanding principal retired within 10 years.

Along with $291.4 million in GOULT debt outstanding, and $3.5 million in capital leases, the district has a total of $15 million of rated outstanding COPs (A3), Series 2016D and Series 2017A. The certificates are secured by lease payments equal to debt service from the district directly to the trustee US Bank, subject to annual appropriation. Under the terms of the agreement, the district is required to make the appropriated annual payments directly to the trustee at least three business days prior to each interest and principal payment date. The trustee has the right to take possession of the elementary school (2016D) and middle school addition (2017A) upon nonrenewal of the lease-purchase agreement.

Debt-related derivatives

The district is not a party to any debt-related derivatives.

Pensions and OPEB

The district participates in two multiple-employer cost-sharing plans, the General Employees Retirement Fund (GERF) and the Teachers Retirement Association of Minnesota (TRA). Most of its unfunded liabilities are attributable to the TRA. The State of Minnesota approved legislation in 2018 that modified benefits and modestly increased contributions to TRA. Because of the reform package, school districts are in the process of increasing their TRA employer contribution rate to 8.75% of payroll in 2024 from the previous rate of 7.5%. The state is also increasing aid to school districts to offset the increased costs of their required employer contributions. In aggregate, the total contributions to TRA from all participating school districts in 2020 were equal to about 81% of our Tread Water indicator.

OPEB obligations do not represent a material credit risk for the district.The district operates a single-employer retiree medical plan. The district made a $790,000 pay-as-you-go contribution to its OPEB plan in fiscal 2020, equal to 0.3% of operating revenue. The district’s reported net OPEB liability currently totals $16.6 million while our adjusted net OPEB liability for the district, based on the use of a different discount rate of 2.7%, totals $16.3 million.

ESG considerations

Environmental

Environmental considerations are a modest factor in the district's credit profile at this time. According to data of Moody's affiliate, Four Twenty Seven, South Washington 833, MN is located in an area at medium risk for heat stress. The firm measures heat stress as the relative change in both the frequency and severity of hot days, as well as average temperature. The biggest impact of heat exposure for most Midwest issuers will be to agriculture based economies.

Social

Social considerations impact the district's credit profile. South Washington 833, MN's favorable location in the Twin Cities metropolitan area bolster its economic profile as detailed in the Economy and Tax Base section. Overall district demographics are above average, and unemployment rates are below both the state and median averages.

Governance

The district's management is strong, as evidenced by its willingness to make expenditure cuts when necessary to balance the budget and the passage of numerous operating levies to bring in additional revenues. The district currently has a fund balance policy of 5% to 9% of reserves, however management reports the district may increase it's policy over the next year.

Minnesota school districts have an Institutional Framework score [1] of A. The state controls the bulk of school district revenue through a per-pupil funding formula. The state has provided for regular annual increases in the funding formula for several years but has occasionally delayed disbursements. Districts can generate a moderate amount of additional locally determined revenue with the ability to access revenue up to $724 per pupil without voter approval. Most districts access the $724 per pupil local optional revenue and can go to voters for an additional operating referendum authority up to the standard referendum cap, which was just under $1,800 per pupil for fiscal year 2021 and increases with inflation.

Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

Exhibit 2

South Washington County I.S.D. 833, MN

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	159.8%	10.0%	Aaa
Full value per capita (full valuation of the tax base / population)	138,199	10.0%	Aa
Enrollment trend (three-year CAGR in enrollment)	0.1%	10.0%	Aa
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	6.6%	20.0%	Baa
Net cash ratio (net cash / operating revenue)	19.0%	10.0%	Aa
Institutional framework			
Institutional Framework	A	10.0%	A
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	353.8%	20.0%	A
Fixed-costs ratio (adjusted fixed costs / operating revenue)	13.6%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			A1
Assigned Rating			**A2**

Sources: US Census Bureau, South Washington County I.S.D. 833, MN's financial statements and Moody's Investors Service

Appendix

Exhibit 3
Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value ($000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Investors Service
Financial performance		
Operating revenue ($000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ($000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash ($000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
Leverage		
Debt ($000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL ($000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
OPEB ($000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Investors Service
Implied debt service ($000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water ($000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Investors Service
OPEB contributions ($000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the US K-12 Public School Districts Methodology.
Source: Moody's Investors Service

Endnotes

1 The institutional framework score categorically assesses whether a district has the legal ability to raise the bulk of its operating revenue at the local level or if the state determines the bulk of its operating revenue. Beyond the local versus state categorization, the strength of the institutional framework score is a measure of the district's flexibility in raising additional locally determined operating revenue. See US K-12 Public School Districts Methodology for more details.

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