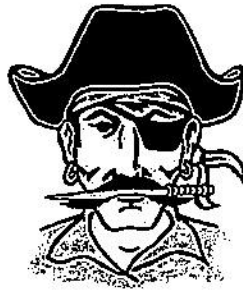


February 24, 2020

Sale Day Report for

Independent School District No. 593 (Crookston),
Minnesota

\$2,800,000 General Obligation School Building Bonds,
Series 2020A



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Sale Day Report – February 24, 2020

Independent School District No. 593 (Crookston), Minnesota
 \$2,800,000 General Obligation School Building Bonds, Series 2020A

Purpose: For the purpose of financing the acquisition and betterment of school sites and facilities in the District as approved by the voters in the election held on November 5, 2019.

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

Number of Bids: 6

Low Bidder: Baird, Milwaukee, Wisconsin

Comparison from Lowest to Highest Bid: (TIC as bid)	Low Bid	High Bid	Interest Difference
	1.2787%*	1.4722%	\$30,467

Summary of Sale Results:	
Principal Amount*:	\$2,800,000
Underwriter's Discount:	\$19,321
Reoffering Premium:	\$199,647
True Interest Cost*:	1.2772%
Costs of Issuance:	\$53,475
Yield:	0.85%-1.30%
Total Net P&I	\$3,188,227

**The winning bidder submitted a bid with a premium price (a price greater than the par amount of the bonds) that was greater than the estimates in the Pre-Sale Report. As a result, the par amount of the bonds was decreased from \$2,835,000 (in the Pre-Sale Report and the Preliminary Official Statement) to \$2,800,000. This also caused a slight change in the True Interest Cost.*

Notes: Interest rates have declined significantly since the debt service estimates were prepared prior to the District's Bond election. The actual True Interest Cost of 1.28% is substantially lower than the estimate of 2.00% included in the Pre-Sale Report prepared in January and 3.00% in the Pre-Election estimates. Total debt service levies for the School Building Bonds will be approximately \$320,400, or \$31,600 annually, lower than pre-election estimates.

Closing Date: March 19, 2020



Sale Day Report
 Independent School District No. 593 (Crookston), Minnesota
 February 24, 2020

School Board Action: Adopt the resolution awarding the sale of \$2,800,000 General Obligation School Building Bonds, Series 2020A.

Attachments:

- Bid Tabulation
- Updated Sources and Uses of Funds
- Updated Debt Service Schedule
- Updated Long-Term Debt Schedule
- Updated Tax Impact Schedule
- Rating Reports
- BBI Graph
- Bond Resolution (Distributed in School Board Packets)





BID TABULATION

\$2,835,000* General Obligation School Building Bonds, Series 2020A

Independent School District No. 593 (Crookston), Minnesota

SALE: February 24, 2020

AWARD: BAIRD

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
BAIRD				\$3,018,041.05	\$212,585.62	1.2787%
Milwaukee, Wisconsin	2021	3.000%	0.850%			
C.L. King & Associates WMBE	2022	3.000%	0.860%			
Dougherty & Company, LLC	2023	3.000%	0.860%			
Fidelity Capital Markets	2024	3.000%	0.870%			
Davenport & Co. L.L.C.	2025	3.000%	0.900%			
Duncan-Williams, Inc.	2026	3.000%	0.950%			
Ross, Sinclair & Associates, LLC	2027	3.000%	1.000%			
Loop Capital Markets	2028	2.000%	1.100%			
Country Club Bank	2029	2.000%	1.200%			
SumRidge Partners	2030	2.000%	1.300%			
Sierra Pacific Securities						
Isaak Bond Investments, Inc						
UMB Bank,N.A.						
Wintrust Investments, LLC						
FMS Bonds Inc.						
First Kentucky Securities Corp.						
Central States Capital Markets						
Midland Securities						
Alamo Capital WMBE						
Multi-Bank Securities Inc.						
First Southern LLC						
Dinosaur Securities						
First Bankers' Banc Securities, Inc.						
Mountainside Securities LLC						
BNY MELLON CAPITAL MANAGEMENT Pittsburgh, Pennsylvania				\$3,184,409.57	\$230,230.43	1.3329%

* Subsequent to bid opening the issue size was decreased to \$2,800,000.

Adjusted Price - \$2,980,325.27

Adjusted Net Interest Cost - \$207,901.40

Adjusted TIC - 1.2772%

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota				\$3,006,194.45	\$224,432.22	1.3536%
FIFTH THIRD SECURITIES, INC. Cincinnati, Ohio				\$3,006,084.15	\$224,542.52	1.3543%
PIPER SANDLER & CO Minneapolis, Minnesota				\$2,994,900.80	\$235,725.87	1.4254%
STIFEL NICOLAUS Memphis, Tennessee				\$2,987,574.55	\$243,052.12	1.4722%

RESULTS OF BOND SALE

Crookston Public Schools, ISD No. 593

February 24, 2020

Estimated Sources and Uses for General Obligation Bonds

	Pre-Election Estimates	Results of Bond Sale
Authorized Amount	\$2,985,000	\$2,985,000
Bond Issue Amount	\$2,985,000	\$2,800,000
Election Date	November 5, 2019	November 5, 2019
Dated Date	2/1/2020	3/19/2020
Sources of Funds		
Par Amount of Bonds	\$2,985,000	\$2,800,000
Estimated Bond Premium ¹	\$0	\$199,647
Estimated Investment Earnings ²	12,049	5,488
Total Sources	\$2,997,049	\$3,005,135
Uses of Funds		
Allowance for Discount Bidding ³	\$29,850	\$19,321
Legal and Fiscal Costs ⁴	63,374	53,475
Net Available for Project Costs	2,903,825	2,932,338
Total Uses	\$2,997,049	\$3,005,135
Net Deposit to the Construction Fund	\$2,891,776	\$2,926,850

1 The underwriter of the bonds paid a reoffering premium in the sale of the bonds. Premium may either be deposited in the debt service fund and used to pay a portion of the interest on the bonds in the first year, or deposited in the construction fund and used to fund portion of the project costs.

2 Estimated investment earnings are based on an average interest rate of 0.75%, and an average life of 3 months for investments (pre-election estimates were based on a average life of 5 months).

3 The allowance for 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.

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

I.S.D. No. 593 (Crookston), MN

\$2,800,000 General Obligation School Building Bonds, Series 2020A

Dated: March 19, 2020

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
02/01/2021	260,000.00	3.000%	64,826.67	324,826.67
02/01/2022	240,000.00	3.000%	67,000.00	307,000.00
02/01/2023	250,000.00	3.000%	59,800.00	309,800.00
02/01/2024	270,000.00	3.000%	52,300.00	322,300.00
02/01/2025	280,000.00	3.000%	44,200.00	324,200.00
02/01/2026	290,000.00	3.000%	35,800.00	325,800.00
02/01/2027	290,000.00	3.000%	27,100.00	317,100.00
02/01/2028	295,000.00	2.000%	18,400.00	313,400.00
02/01/2029	310,000.00	2.000%	12,500.00	322,500.00
02/01/2030	315,000.00	2.000%	6,300.00	321,300.00
Total	\$2,800,000.00	-	\$388,226.67	\$3,188,226.67

Yield Statistics

Bond Year Dollars	\$15,666.67
Average Life	5.595 Years
Average Coupon	2.4780426%
Net Interest Cost (NIC)	1.3270302%
True Interest Cost (TIC)	1.2772035%
Bond Yield for Arbitrage Purposes	1.0503690%
All Inclusive Cost (AIC)	1.6259727%

IRS Form 8038

Net Interest Cost	1.1198963%
Weighted Average Maturity	5.614 Years

RESULTS OF BOND SALE

Crookston Public Schools, ISD No. 593
 Analysis of Possible Structure for Capital and Debt Levies

\$2,800,000 Bond Issue
 10 Years
 Level Debt

February 24, 2020

Principal Amount: \$2,800,000
 Dated Date: 3/19/2020
 Avg. Interest Rate: 1.28%

Levy	Pay Year	Fiscal Year	Tax Capacity Value ¹ (\$000s)	% Chg	Existing Commitments					Proposed New Debt			Combined Totals			
					Building Bonds ²	Alt Facilities Bonds ²	Abatement Bonds ²	Est. Debt Excess ³	Net Levy	Tax Rate	Lease Levy	Principal	Interest	Est. Debt Excess ³	Adjusted Debt Levy	Adjusted Debt Levy
2018	2019	2019	12,256	4.5%	419,646	521,882	145,790	(135,045)	953,272	7.78	131,234	-	-	953,272	1,084,506	8.85
2019	2020	2020	11,845	-3.7%	424,896	520,832	144,585	(105,337)	984,975	8.32	129,734	-	-	984,975	1,114,709	9.41
2020	2021	2021	11,880	0.3%	424,686	519,467	147,630	(43,145)	1,048,637	8.83	153,484	-	-	1,389,705	1,543,189	12.99
2021	2022	2022	11,880	0.0%	424,371	523,341	145,320	(43,671)	1,049,360	8.83	153,484	-	-	1,371,710	1,525,194	12.84
2022	2023	2023	11,880	0.0%	423,951	518,511	145,260	(43,721)	1,047,000	8.81	153,484	-	-	1,372,290	1,525,774	12.84
2023	2024	2024	11,880	0.0%	422,704	518,774	145,845	(43,629)	1,043,693	8.79	153,484	-	-	1,369,097	1,522,560	12.82
2024	2025	2025	11,880	0.0%	420,604	518,721	146,080	(43,493)	1,044,512	8.79	153,484	-	-	1,371,906	1,525,389	12.84
2025	2026	2026	11,880	0.0%	422,874	518,354	145,530	(43,520)	1,043,238	8.78	153,484	-	-	1,372,232	1,525,715	12.84
2026	2027	2027	11,880	0.0%	424,082	522,921	147,630	(43,470)	1,051,163	8.85	153,484	-	-	1,370,958	1,524,441	12.83
2027	2028	2028	11,880	0.0%	424,974	521,378	148,943	(43,785)	1,051,509	8.85	153,484	-	-	1,367,787	1,521,271	12.81
2028	2029	2029	11,880	0.0%	420,302	524,160	144,848	(43,812)	1,045,498	8.80	153,484	-	-	1,371,471	1,524,955	12.84
2029	2030	2030	11,880	0.0%	420,722	523,320	145,330	(43,572)	1,046,472	8.81	153,484	-	-	1,370,798	1,524,282	12.83
2030	2031	2031	11,880	0.0%	420,827	521,850	146,003	(43,602)	899,075	7.57	153,484	-	-	899,075	1,052,559	8.86
2031	2032	2032	11,880	0.0%	425,421	519,750	-	(37,707)	907,464	7.64	153,484	-	-	907,464	1,060,947	8.93
2032	2033	2033	11,880	0.0%	423,806	522,270	-	(37,807)	908,269	7.65	153,484	-	-	908,269	1,061,753	8.94
2033	2034	2034	11,880	0.0%	421,372	518,700	-	(37,843)	902,229	7.59	153,484	-	-	902,229	1,055,712	8.89
2034	2035	2035	11,880	0.0%	-	-	-	-	-	-	153,484	-	-	-	153,484	1.29
2035	2036	2036	11,880	0.0%	-	-	-	-	-	-	153,484	-	-	-	153,484	1.29
2036	2037	2037	11,880	0.0%	-	-	-	-	-	-	153,484	-	-	-	153,484	1.29
2037	2038	2038	11,880	0.0%	-	-	-	-	-	-	153,484	-	-	-	153,484	1.29
2038	2039	2039	11,880	0.0%	-	-	-	-	-	-	153,484	-	-	-	153,484	1.29
2039	2040	2040	11,880	0.0%	-	-	-	-	-	-	153,484	-	-	-	153,484	1.29
2040	2041	2041	11,880	0.0%	-	-	-	-	-	-	153,484	-	-	-	153,484	1.29
Totals					6,765,235	8,334,229	1,760,063	(833,160)	16,026,366		4,558,508	2,600,000	388,227	19,283,239	4,558,508	23,841,747
															3,256,873	(90,765)

1 Tax capacity value for taxes payable in 2019 is final and 2020 is Preliminary from the MN Department of Revenue. 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 2018 - 2020 are the actual amounts. Debt excess for future years is estimated at 4% of the prior year's initial debt service levy.

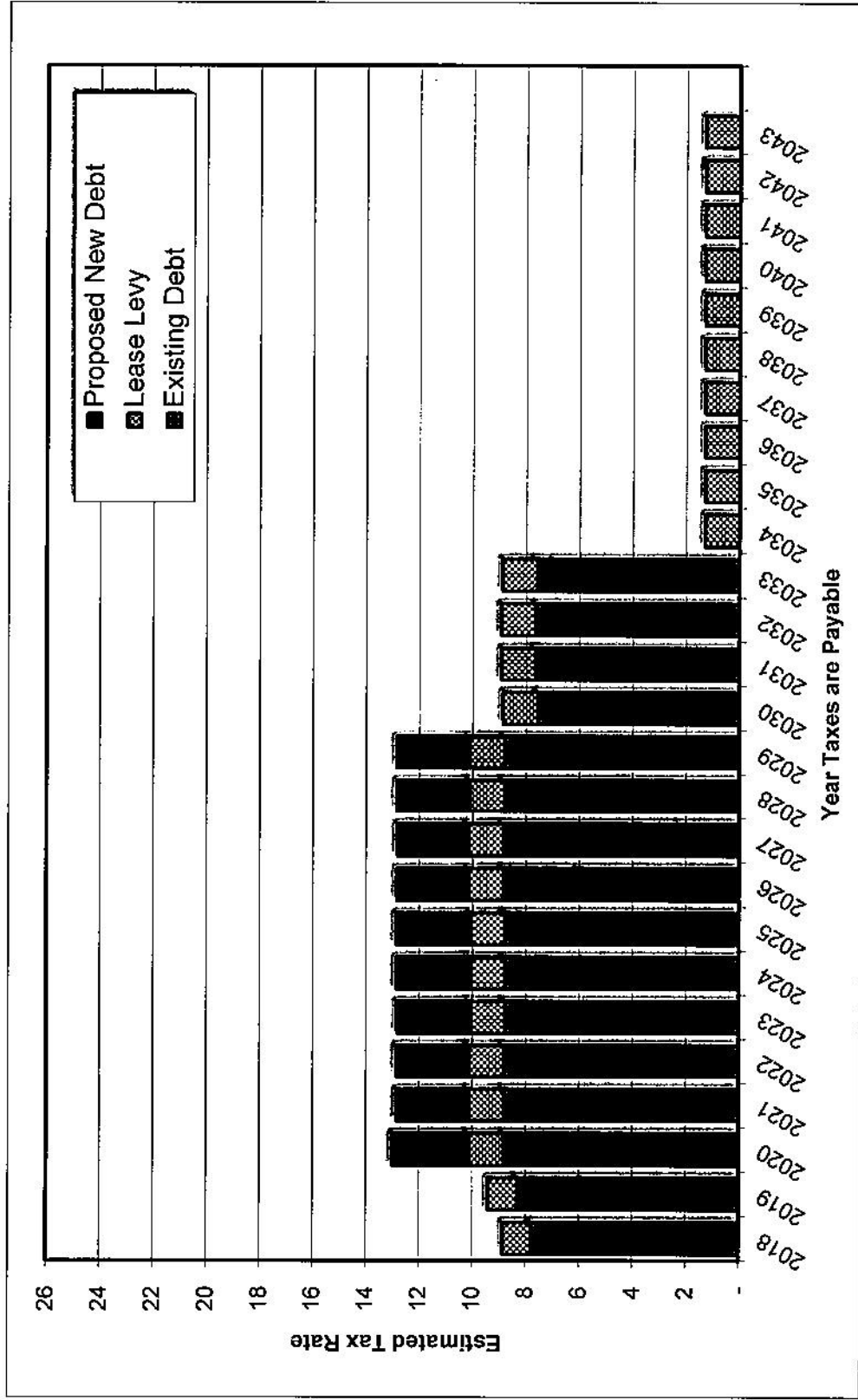


RESULTS OF BOND SALE

Crookston Public Schools, ISD No. 593
 Estimated Tax Rates for Capital and Debt Service Levies
 Existing Commitments and Proposed New Debt

\$2,800,000 Bond Issue
 10 Years
 Level Debt

Date Prepared: February 24, 2020



RESULTS OF BOND SALE

Crookston School District No. 593

February 24, 2020

**Estimated Tax Impact Options for Proposed 2019 Building Referendum
November 2019 Election, Assumes Pay 2020 Levy**

	Pre-Election Estimate	Results of Bond Sale
Bond Amount	\$2,985,000	\$2,840,000
Term (Years)	10	10
Estimated Total Interest	\$516,900	\$388,227

Type of Property	Estimated Market Value	Taxes Payable 2020		Taxes Payable 2021	
		ANNUAL	MONTHLY	ANNUAL	MONTHLY
Residential Homestead	\$50,000	\$10	\$1	\$9	\$1
	75,000	16	1	13	1
	100,000	25	2	21	2
	125,000	34	3	28	2
	150,000	44	4	36	3
	200,000	62	5	52	4
	250,000	81	7	68	6
	300,000	100	8	83	7
	350,000	119	10	99	8
	400,000	138	12	114	10
	500,000	173	14	144	12
Commercial/ Industrial	\$50,000	\$26	\$2	\$22	\$2
	100,000	52	4	43	4
	250,000	147	12	122	10
	500,000	319	27	265	22
Agricultural Homestead**	\$3,000	\$0.26	\$0.02	\$0.19	\$0.02
	4,000	0.35	0.03	0.26	0.02
(average value per acre of land & buildings)	5,000	0.43	0.04	0.32	0.03
	6,000	0.52	0.04	0.39	0.03
Agricultural Non-Homestead**	\$3,000	\$0.52	\$0.04	\$0.39	\$0.03
	4,000	0.69	0.06	0.52	0.04
(average value per acre of land & buildings)	5,000	0.86	0.07	0.65	0.05
	6,000	1.04	0.09	0.77	0.06

* Estimated tax impact includes principal and interest payments on the new bonds. The amounts in the table are based on school district taxes for the bonded debt levies only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the homeowner's Homestead Credit Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net effect of the proposed bond issue for many property owners.

** Estimated tax impact for the bond issue includes 50% reduction in taxes payable 2020 and a 55% reduction in taxes payable in 2021 due to the School Building Bond Agricultural Credit. Average value per acre is the total assessed value of all land & buildings divided by total acres. Examples exclude the house, garage, and one acre, which has the same tax impact as a residential homestead.



MOODY'S

INVESTORS SERVICE

Rating Action: Moody's affirms Crookston ISD 593, MN's A2 GOULT rating

20 Feb 2020

Assigns UND A2 and ENH Aa2 to Series 2020 GO Bonds

New York, February 20, 2020 – Moody's Investors Service has affirmed Crookston Independent School District 593, MN's underlying A2 general obligation unlimited tax (GOULT) rating. Moody's has also assigned an underlying A2 rating and an enhanced Aa2 rating to the district's \$2.8 million General Obligation School Building Bonds, Series 2020A. Following the sale, the district will have about \$15 million in outstanding debt.

RATINGS RATIONALE

The underlying A2 rating reflects a moderately sized and agricultural tax base, strong reserves, sustained declines in population and enrollment and moderate long-term leverage.

The enhanced rating on the current bonds reflects the additional security provided by the State of Minnesota's School District Credit Enhancement 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 stable outlook, reflecting the stable 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

Outlooks are not usually assigned to underlying ratings of local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Substantial growth and diversification of the tax base
- Reversal of the population and enrollment declines that support further bolstering of operating reserves
- Upward movement in State of Minnesota's underlying GOULT rating (enhanced)

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Material declines in fund balance or liquidity
- Substantial growth in leverage related to long-term debt or pension burdens
- Downward movement in the State of Minnesota's underlying GOULT rating (enhanced)
- Weakening of the credit enhancement program mechanics (enhanced)

LEGAL SECURITY

The district's GOULT bonds are secured 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 security benefits from a statutory lien.

The bonds are additionally secured 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 2020A GOULT bonds will finance the construction of a new bus garage.

PROFILE

Crookston Independent School District 593 is in the City of Crookston, approximately 25 miles southeast of Grand Forks, ND (Aa2 stable). The district employs a staff 120 non-licensed employees and 96 licensed employees that provide pre-K through twelfth grade education to about 1,100 students.

METHODOLOGY

The principal methodology used in the underlying ratings was US Local Government General Obligation Debt published in September 2019. The principal methodology used in the enhanced rating was State Aid Intercept Programs and Financings published in December 2017. Please see the Rating Methodologies page on www.moody.com for a copy of these methodologies.

REGULATORY DISCLOSURES

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moody.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moody.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moody.com for additional regulatory disclosures for each credit rating.

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CREDIT OPINION

20 February 2020

 Rate this Research

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Crookston Independent School District 593, MN

Update to credit analysis

Summary

Crookston Independent School District 593, MN (A2) benefits from above average resident income levels, a stable operating trend and strong reserves. The district's strengths are balanced against a long-term trend of gradual population and enrollment declines and an above average pension burden.

Credit strengths

- » Above average resident income levels
- » Strong reserves and liquidity

Credit challenges

- » Moderately sized tax base
- » Long-term trend of gradual population and enrollment declines

Rating outlook

Outlooks are typically not assigned to local governments with this amount of debt.

Factors that could lead to an upgrade

- » Substantial growth and diversification of the tax base
- » Reversal of the population and enrollment declines that support further bolstering of operating reserves

Factors that could lead to a downgrade

- » Material declines in fund balance or liquidity
- » Substantial growth in leverage related to long-term debt or pension burdens

Key indicators

Exhibit 1

Crookston Independent School District 593, MN	2015	2016	2017	2018	2019
Economy/Tax Base					
Total Full Value (\$000)	\$1,262,196	\$1,308,564	\$1,349,308	\$1,351,641	\$1,279,156
Population	9,745	9,760	9,596	9,596	9,596
Full Value Per Capita	\$129,522	\$134,074	\$140,612	\$140,855	\$133,301
Median Family Income (% of US Median)	109.1%	109.1%	114.7%	114.7%	114.7%
Finances					
Operating Revenue (\$000)	\$16,146	\$16,203	\$16,424	\$16,180	\$16,785
Fund Balance (\$000)	\$2,467	\$3,326	\$3,253	\$3,345	\$4,094
Cash Balance (\$000)	\$4,914	\$5,629	\$6,146	\$6,098	\$6,907
Fund Balance as a % of Revenues	15.3%	20.5%	19.8%	20.7%	24.4%
Cash Balance as a % of Revenues	30.4%	34.7%	37.4%	37.7%	41.1%
Debt/Pensions					
Net Direct Debt (\$000)	\$15,157	\$14,578	\$13,890	\$13,182	\$12,464
3-Year Average of Moody's ANPL (\$000)	\$30,047	\$29,349	\$34,255	\$38,078	\$38,809
Net Direct Debt / Full Value (%)	1.2%	1.1%	1.0%	1.0%	1.0%
Net Direct Debt / Operating Revenues (x)	0.9x	0.9x	0.8x	0.8x	0.7x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	2.4%	2.2%	2.5%	2.8%	3.0%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	1.9x	1.8x	2.1x	2.4x	2.3x

Source: US Census Bureau, audited financial statements

Profile

Crookston Independent School District 593 is in the City of Crookston, approximately 25 miles southeast of Grand Forks, ND (Aa2 stable). The district employs a staff 120 non licensed employees and 96 licensed employees that provide pre-K through twelfth grade education to about 1,100 students.

Detailed credit considerations

Economy and tax base: moderately sized and agricultural tax

The district's tax base will likely remain moderately sized given the limited development currently underway. The district's Economic Market Value of \$1.3 billion has generally grown in recent years, a trend largely driven by increasing agricultural values. The tax base primarily consists of agricultural land (55%), followed by residential (27%) and commercial (13%) properties. The Top 10 largest taxpayers comprise a modest 11% of the net tax capacity and are reportedly stable. The district benefits from its proximity to Grand Forks which provides regional employment opportunities. Management notes some modest residential construction underway.

The district's median family income is estimated at 115% of the national figure. As of November 2019, the Polk County (Aa2) unemployment rate (2.9%) was on par with the state's rate (2.9%) and below the national rate (3.3%).

Financial operations and reserves: strong reserves with the expectation of stable operations

The district's financial profile is likely to remain healthy following the recent renewal of the district's voter-approved operating levy. The district has an established history of posting balanced to positive operating results. Most recently, the district closed fiscal 2019 with a combined available fund balance of about \$4 million, equal to 24% of revenue across the general fund and debt service fund. The revised fiscal 2020 budget reflects a continuation of the district's recent trend, with a general fund surplus of about \$200,000 which was driven in part by positive enrollment variances. District voters recently renewed the district's operating levy, which is now in place for 10 years and is likely to support a stable financial profile.

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Crookston has experienced a steady trend of gradual population and enrollment declines. The district's population totaled around 11,000 residents in the 1980s and has slowly declined to the current level of about 9,600 residents. Similarly, the district's enrollment has gradually declined to about 1,100 students during the current fiscal year from closer to 1,500 students in the early 2000s. The district also loses more than 200 students to open enrollment each year. Favorably, however, the district saw a slight enrollment increase during the current school year which is currently tracking about 60 students higher than budgeted.

LIQUIDITY

The district closed fiscal 2019 with a net cash position of \$6.9 million, equal to a 41% of revenue across the general fund and debt service fund.

Debt and pensions: moderate long-term leverage

The district's leverage related to long-term debt and pension liabilities is moderate. Inclusive of the Series 2020A general obligation unlimited tax (GOULT) bonds, the district will have \$15 million in outstanding debt, equal to 1.2% of full value and 0.9x operating revenue. The district's adjusted net pension liability (ANPL), based on a 4.14% discount rate, totals \$31 million while the three-year average totals \$39 million, equal to 3.0% of full value and 2.3x operating revenue. In comparison, the district's reported GASB net pension liability, based on a 7.5% discount rate, totals about \$9 million.

The district's fixed costs, inclusive of debt service, pension contributions and other post-employment benefit (OPEB) costs, typically hover around 13% of revenue.

DEBT STRUCTURE

All of the district's debt is fixed rate and long-term, with about 75% of outstanding principal retired within 10 years.

DEBT-RELATED DERIVATIVES

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

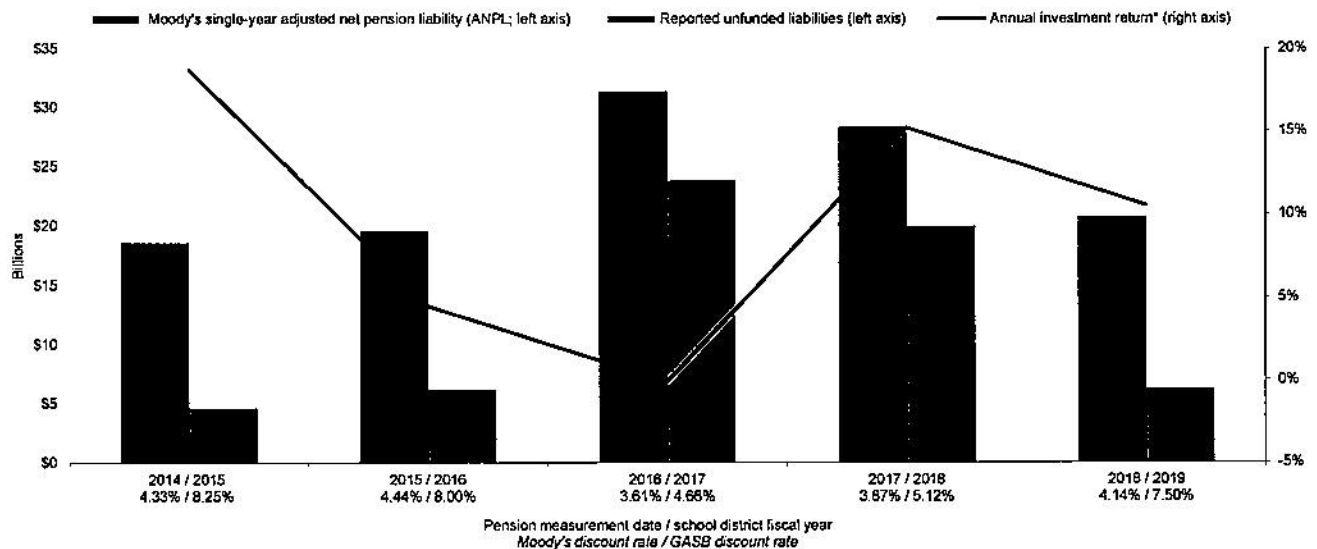
PENSIONS AND OPEB

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 its unfunded liabilities are attributable to the TRA. Whether measured on a reported basis or using our standard balance sheet adjustments, the plan's unfunded liabilities increased significantly between 2010 and 2016. Between 2014 and 2016, the ANPL for TRA increased by nearly 70%, driven by weak contributions, falling market discount rates and low investment returns in 2015 and 2016. The spike in TRA's reported Net Pension Liability (NPL) in 2016 and 2017 was largely driven by plan depletion projections, which in turn require the use of a lower discount rate under governmental accounting standards for pensions.

The State of Minnesota approved legislation in 2018 that modified benefits and modestly increased contributions to TRA. The legislative reform coupled with strong investment performance and rising market interest rates between 2016 and 2018 led to consecutive declines in our ANPL for TRA. The most recent 27% decline in 2018 is reflected in our fiscal 2019 ANPLs for school districts (see exhibit).

Exhibit 2

Following a sharp increase, legislative reform coupled with strong investment returns lowering pension burden for Minnesota schools
 Minnesota Teachers Retirement Association (TRA)



*Annual money-weighted rates of return net of investment expense
 Source: TRA comprehensive annual financial reports (CAFRs)

Contributions to TRA from all participating governments in aggregate amounted to only 78% of the plan's "tread water" indicator in 2019.¹ As a part of the state's 2018 pension legislation, school districts will modestly increase TRA contributions to 8.75% of payroll in 2024 from the previous rate of 7.5% in 2018. The state is increasing aid to school districts to offset the increased costs of their required employer contributions.

OPEB obligations do not represent a material credit risk for the district. The district does not offer explicit OPEB benefits, but allows retired employees to stay on its healthcare plan, creating an implicit rate subsidy. Both the district's reported net OPEB liability and our adjusted net OPEB liability for the district, based on the use of a different discount rate, total less than \$4 million.

Management and governance: moderate institutional framework; satisfactory management

Minnesota school districts have an Institutional Framework score of "A," which is moderate. Schools are highly dependent on state aid, averaging 70% of general fund revenue. State aid is moderately predictable and is based on a per pupil funding formula, with some adjustments for wealth and need. Schools have moderate revenue raising ability and can increase operating levies through board or voter approval. The standard referendum cap increases annually with inflation and currently totals just under \$2,000 per pupil. Unpredictable revenue fluctuations tend to be moderate. Across the sector, fixed and mandated costs are generally moderate. Expenditures are highly predictable with personnel and benefits representing the largest costs.

State aid is the district's largest revenue source (77%), followed by local property taxes (15%). The district's fund balance policy calls for the maintenance of a minimum reserve position equal to 10% of revenue, a level the district has consistently exceeded.

Rating methodology and scorecard factors

The US Local Government General Obligation Debt methodology includes a scorecard, a tool providing a composite score of a local government'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 local government credits.

Exhibit 3

Crookston Independent School District 593, MN

Rating Factors	Measure	Score
Economy/Tax Base (30%)^[1]		
Tax Base Size: Full Value (in 000s)	\$1,279,156	A
Full Value Per Capita	\$133,301	Aa
Median Family Income (% of US Median)	114.7%	Aa
Notching Factors:^[2]		
Economic Concentration		Down
Finances (30%)		
Fund Balance as a % of Revenues	24.4%	Aa
5-Year Dollar Change in Fund Balance as % of Revenues	7.8%	A
Cash Balance as a % of Revenues	41.1%	Aaa
5-Year Dollar Change in Cash Balance as % of Revenues	9.8%	A
Notching Factors:^[2]		
Other Analyst Adjustment to Finances Factor: Declining enrollment coupled with a trend of growing expenditures		Down
Management (20%)		
Institutional Framework	A	A
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures (x)	1.0x	Aa
Debt and Pensions (20%)		
Net Direct Debt / Full Value (%)	1.2%	Aa
Net Direct Debt / Operating Revenues (x)	0.9x	A
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value (%)	3.0%	A
3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues (x)	2.3x	A
Notching Factors:^[2]		
Standardized Adjustments ^[3] : Unusually Strong or Weak Security Features; Secured by Statute		Up
	Scorecard-Indicated Outcome	A1
	Assigned Rating	A2

[1] Economy measures are based on data from the most recent year available.

[2] Notching Factors are specifically defined in the US Local Government General Obligation Debt methodology.

[3] Standardized adjustments are outlined in the GO Methodology Scorecard Inputs publication.

Source: US Census Bureau, Moody's Investors Service, audited financial statements

Endnotes

- Employer contributions that tread water equal the sum of current year service cost and interest on reported net pension liabilities at the start of the year, using reported assumptions. If plan assumptions are met exactly, contributions equal to the tread water indicator will prevent the reported net pension liabilities from growing.

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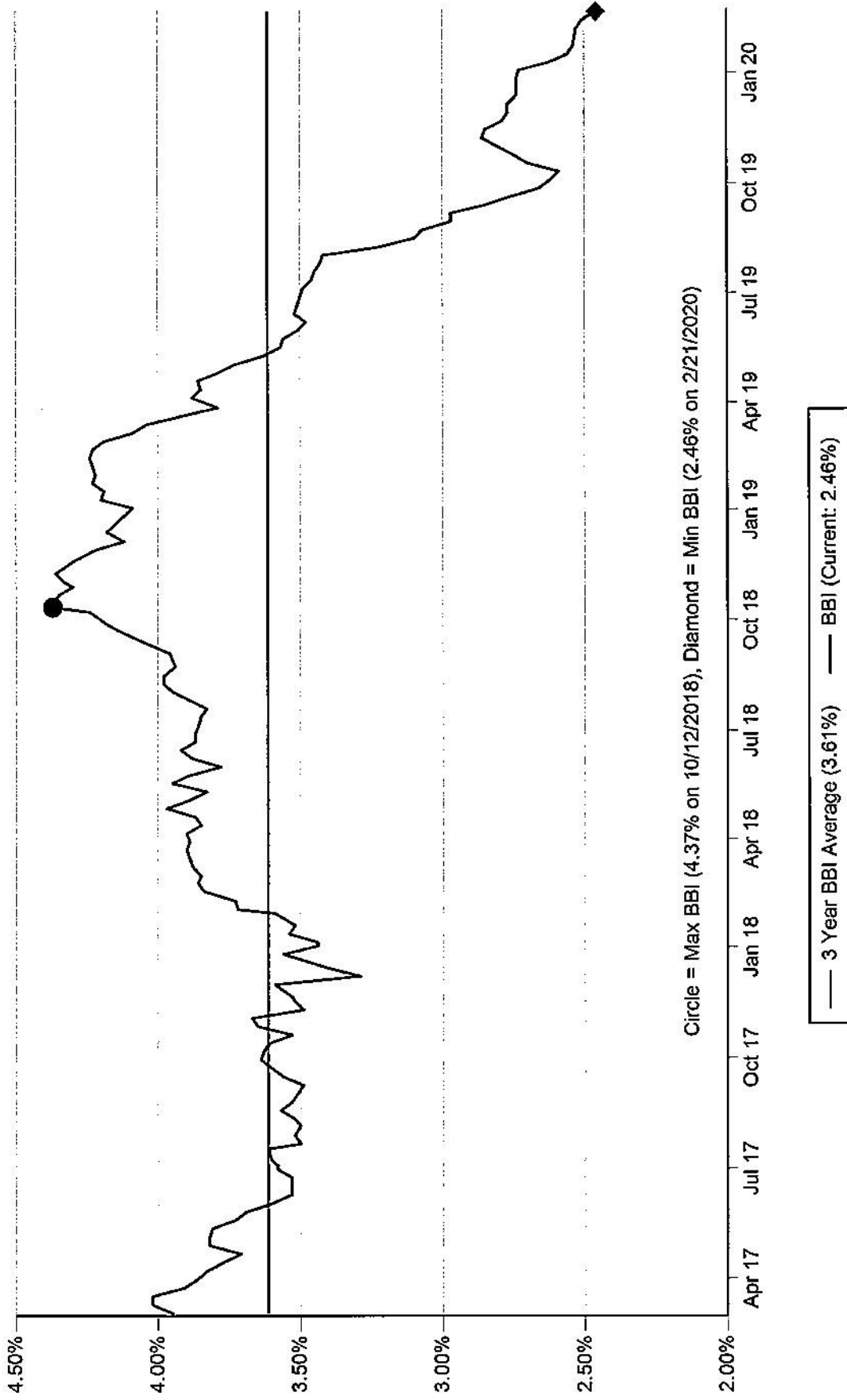
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3 YEAR TREND IN MUNICIPAL BOND INDICES

Weekly Rates February, 2017 - February, 2020



The Bond Buyer "20 Bond Index" (BBI) shows average yields on a group of municipal bonds that mature in 20 years and have an average rating equivalent to Moody's Aa2 and S&P's AA.

Source: The Bond Buyer

