

December 8, 2025

SALE DAY REPORT FOR:

Independent School District No. 2172 (Kenyon-Wanamingo Public Schools), Minnesota

**\$10,540,000 General Obligation Facilities
Maintenance Bonds, Series 2026A**



Prepared by:

Ehlers
3001 Broadway Street, Suite 320
Minneapolis, MN 55413

Jodie Zesbaugh,
Senior Municipal Advisor

Aaron Bushberger,
Senior Municipal Advisor

BUILDING COMMUNITIES. IT'S WHAT WE DO.

Competitive Sale Results

PURPOSE:	To finance health and safety/indoor air quality projects included in the District's ten-year facilities plan approved by the Commissioner of Education.
RATING:	MN Credit Enhancement Rating: Moody's Investor's Service "Aa1" Underlying Rating: Moody's Investor's Service "Ba1"
NUMBER OF BIDS:	1
LOW BIDDER:	Baird, Milwaukee, Wisconsin

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

LOW BID:*	4.1236%
HIGH BID:	4.1236%

Summary of Sale Results:	
Principal Amount*:	\$10,540,000
Underwriter's Discount:	\$174,537
Reoffering Premium:	\$412,680
True Interest Cost*:	4.1218%
Capitalized Interest:	\$1,184
Costs of Issuance:	\$100,925
Yield:	3.11%-4.25%
Total Net P&I:	\$14,822,988.

** The winning bidder submitted a bid with a premium price (a price greater than the par amount of the bonds) that was lower than the Pre-Sale Report estimates. As a result, the principal amount of the bonds was increased from \$10,485,000 (in the Pre-Sale Report and the Preliminary Official Statement) to \$10,540,000. In addition, after receipt of bids, certain maturities were adjusted. This caused a slight change in the True Interest Cost.*

NOTES: The True Interest Cost of 4.12% is less than the 4.14% estimated in the Pre-Sale Report presented to the School Board on November 22, 2025.

The Bonds maturing February 1, 2034, and thereafter are callable February 1, 2033 or any date thereafter.

CLOSING DATE: January 5, 2026

SCHOOL BOARD ACTION: Adopt the resolution awarding the sale of \$10,540,000 General Obligation Facilities Maintenance Bonds, Series 2026A.

SUPPLEMENTARY ATTACHMENTS

- Bid Tabulation
- Updated Sources and Uses of Funds
- Updated Net Debt Service Schedule
- Updated Long-Term Financing Plan for Debt and Capital Payments and Levies
- Rating Reports
- Bond Resolution (Distributed Separately)

BID TABULATION

\$10,485,000* General Obligation Facilities Maintenance Bonds, Series 2026A

Independent School District No. 2172 (Kenyon-Wanamingo Public Schools), Minnesota

SALE: December 8, 2025

AWARD: BAIRD

MN Credit Enhancement Rating: Moody's Investor's Service "Aa1"

Underlying Rating: Moody's Investor's Service "Ba1"

Tax Exempt - Non-Bank Qualified

NAME OF INSTITUTION	MATURITY (February 1)	COUPON RATE	REOFFERING YIELD	PRICE	TRUE INTEREST RATE
BAIRD				\$10,719,134.85	4.1236%
Milwaukee, Wisconsin	2027	5.000%	3.160%		
C.L. King & Associates	2028	5.000%	3.130%		
Colliers Securities LLC	2029	5.000%	3.110%		
Davenport & Co. L.L.C.	2030	5.000%	3.120%		
Northland Securities, Inc.	2031	5.000%	3.140%		
Crews & Associates, Inc.	2032	5.000%	3.200%		
Carty, Harding & Hearn, Inc	2033	5.000%	3.320%		
CADZ Securities Inc	2034	5.000%	3.350%		
Alliance Global Partners	2035	5.000%	3.440%		
Isaak Bond Investments, Inc	2036	5.000%	3.550%		
Celadon Financial Group, LLC	2037	4.000%	4.000%		
Oppenheimer & Co.	2038	4.000%	4.100%		
Midland Securities	2039	4.125%	4.200%		
FMS Bonds Inc.	2040	4.125%	4.250%		
Multi Bank Securities Inc.					
First Southern LLC					
Dinosaur Financial Group					
Mountainside Securities LLC					
StoneX Financial Inc.					
Blaylock Van, LLC					
Caldwell Sutter Capital, Inc.					
ZIONS BANK, division of ZB, N.A.					
Institutional Bond Network LLC					

* Subsequent to bid opening the issue size was increased to \$10,540,000.

Adjusted Price: \$10,778,143.28

Adjusted Net Interest Cost: \$4,046,028.69

Adjusted TIC: 4.1218%

RESULTS OF BOND SALE

Kenyon-Wanamingo School District No. 2172

December 8, 2025

Estimated Sources and Uses of Funds

Facilities Maintenance Bonds - Health & Safety/Indoor Air Quality Projects

Authorized Bond Amount	\$13,675,000
Actual Bond Amount	\$10,540,000
Estimated Project Costs	\$10,675,000
Closing Date	January 5, 2026
Sources of Funds	
Par Amount	\$10,540,000
Reoffering Premium ¹	412,680
Funds on Hand - Debt Service Funds ²	1,184
Investment Earnings ³	97,875
Total Sources	\$11,051,738
Uses of Funds	
Underwriter's Discount ⁴	\$174,537
Capitalized Interest ²	1,184
Legal and Fiscal Costs ⁵	100,925
Net Available for Project Costs	10,775,093
Total Uses	\$11,051,738
Deposit to Construction Fund	\$10,677,218

¹ The underwriter of the bonds 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 used to reduce the par amount of the bonds and deposited in the construction fund and used to fund a portion of the project costs.

² A portion of the interest payment due on August 1, 2026 will be paid with funds on hand in the debt service fund.

³ Estimated investment earnings are based on an average interest rate of 1.00% and an estimated project duration of 22 months (average life for investments of approximately 11 months).

⁴ The underwriter's discount 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.



Kenyon Wanamingo School District No. 2172

\$10,540,000 General Obligation Facilities Maintenance Bonds, Series 2026A

Dated: January 5, 2026

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	Fiscal Total
01/05/2026	-	-	-	-	-	-	-
08/01/2026	-	-	276,143.72	276,143.72	(1,183.87)	274,959.85	-
02/01/2027	370,000.00	5.000%	241,290.63	611,290.63	-	611,290.63	886,250.48
08/01/2027	-	-	232,040.63	232,040.63	-	232,040.63	-
02/01/2028	430,000.00	5.000%	232,040.63	662,040.63	-	662,040.63	894,081.26
08/01/2028	-	-	221,290.63	221,290.63	-	221,290.63	-
02/01/2029	505,000.00	5.000%	221,290.63	726,290.63	-	726,290.63	947,581.26
08/01/2029	-	-	208,665.63	208,665.63	-	208,665.63	-
02/01/2030	570,000.00	5.000%	208,665.63	778,665.63	-	778,665.63	987,331.26
08/01/2030	-	-	194,415.63	194,415.63	-	194,415.63	-
02/01/2031	655,000.00	5.000%	194,415.63	849,415.63	-	849,415.63	1,043,831.26
08/01/2031	-	-	178,040.63	178,040.63	-	178,040.63	-
02/01/2032	685,000.00	5.000%	178,040.63	863,040.63	-	863,040.63	1,041,081.26
08/01/2032	-	-	160,915.63	160,915.63	-	160,915.63	-
02/01/2033	720,000.00	5.000%	160,915.63	880,915.63	-	880,915.63	1,041,831.26
08/01/2033	-	-	142,915.63	142,915.63	-	142,915.63	-
02/01/2034	545,000.00	5.000%	142,915.63	687,915.63	-	687,915.63	830,831.26
08/01/2034	-	-	129,290.63	129,290.63	-	129,290.63	-
02/01/2035	570,000.00	5.000%	129,290.63	699,290.63	-	699,290.63	828,581.26
08/01/2035	-	-	115,040.63	115,040.63	-	115,040.63	-
02/01/2036	595,000.00	5.000%	115,040.63	710,040.63	-	710,040.63	825,081.26
08/01/2036	-	-	100,165.63	100,165.63	-	100,165.63	-
02/01/2037	625,000.00	4.000%	100,165.63	725,165.63	-	725,165.63	825,331.26
08/01/2037	-	-	87,665.63	87,665.63	-	87,665.63	-
02/01/2038	645,000.00	4.000%	87,665.63	732,665.63	-	732,665.63	820,331.26
08/01/2038	-	-	74,765.63	74,765.63	-	74,765.63	-
02/01/2039	1,775,000.00	4.125%	74,765.63	1,849,765.63	-	1,849,765.63	1,924,531.26
08/01/2039	-	-	38,156.25	38,156.25	-	38,156.25	-
02/01/2040	1,850,000.00	4.125%	38,156.25	1,888,156.25	-	1,888,156.25	1,926,312.50
Total	\$10,540,000.00	-	\$4,284,171.97	\$14,824,171.97	(1,183.87)	\$14,822,988.10	-

Yield Statistics

Bond Year Dollars	\$97,241.22
Average Life	9.226 Years
Average Coupon	4.4057159%

Net Interest Cost (NIC)	4.1608164%
True Interest Cost (TIC)	4.1218407%
All Inclusive Cost (AIC)	4.2513224%
Bond Yield for Arbitrage Purposes	3.8665501%

IRS Form 8038

Net Interest Cost	3.8843292%
Weighted Average Maturity	9.100 Years

Dated	1/05/2026
First Available Call Date	

RESULTS OF BOND SALE

Kenyon-Wanamingo School District No. 2172

Analysis of Possible Structure for Capital and Debt Levies

\$10,540,000 Bond Issue

14 Tax Levies

Wrapped Around Existing Debt

December 8, 2025

Type of Bond	Principal Amount	Dated Date	Interest Rate
FM - Heath & Safety	\$10,540,000	01/05/26	4.12%

Levy		Tax Capacity		Existing Commitments							Proposed New Board Approved Bonds				Combined Totals			
Payable	Fiscal	Value ¹		Building	Alt Fac/Fac Maint	Abatement	Est. Debt	Net	Tax	Existing			Add'l. Debt	Net	Initial	State	Net	Tax
Year	Year	(\$000s)	% Chg	Bonds ²	H&S Bonds ²	Bonds ²	Excess ³	Levy	Rate	Tax Rate	Principal	Interest	Excess ³	Debt Levy	Debt Levy	Aid	Levy	Rate
2023	2024	13,371	18.1%	508,883	981,068	60,297	-	1,550,248	11.59	11.59	-	-	-	-	1,550,248	-	1,550,248	11.59
2024	2025	15,445	15.5%	509,723	980,385	58,643	-	1,548,751	10.03	10.03	-	-	-	-	1,548,751	-	1,548,751	10.03
2025	2026	16,382	6.1%	505,156	984,165	62,239	-	1,551,560	9.47	9.47	-	-	-	-	1,551,560	-	1,551,560	9.47
2026	2027	16,967	3.6%	1,172,588	-	60,402	-	1,232,990	7.27	7.27	370,000	517,434	-	930,563	2,163,553	-	2,163,553	12.75
2027	2028	16,967	0.0%	1,158,360	-	63,814	-	1,222,174	7.20	7.20	430,000	464,081	-	938,785	2,160,959	-	2,160,959	12.74
2028	2029	16,967	0.0%	1,154,318	-	61,793	(48,887)	1,167,223	6.88	6.88	505,000	442,581	-	994,960	2,162,183	-	2,162,183	12.74
2029	2030	16,967	0.0%	1,154,895	-	59,771	(48,644)	1,166,022	6.87	6.87	570,000	417,331	(39,798)	996,899	2,162,921	-	2,162,921	12.75
2030	2031	16,967	0.0%	1,154,685	-	-	(48,587)	1,106,098	6.52	6.52	655,000	388,831	(39,876)	1,056,147	2,162,245	-	2,162,245	12.74
2031	2032	16,967	0.0%	1,158,938	-	-	(46,187)	1,112,750	6.56	6.56	685,000	356,081	(42,246)	1,050,889	2,163,640	-	2,163,640	12.75
2032	2033	16,967	0.0%	1,156,995	-	-	(46,358)	1,110,638	6.55	6.55	720,000	321,831	(42,036)	1,051,887	2,162,525	-	2,162,525	12.75
2033	2034	16,967	0.0%	1,159,515	-	-	(46,280)	1,113,235	6.56	6.56	545,000	285,831	(42,075)	830,297	1,943,533	-	1,943,533	11.45
2034	2035	16,967	0.0%	1,155,840	-	-	(46,381)	1,109,459	6.54	6.54	570,000	258,581	(33,212)	836,798	1,946,258	-	1,946,258	11.47
2035	2036	16,967	0.0%	1,156,628	-	-	(46,234)	1,110,394	6.54	6.54	595,000	230,081	(33,472)	832,863	1,943,257	-	1,943,257	11.45
2036	2037	16,967	0.0%	1,155,650	-	-	(46,265)	1,109,385	6.54	6.54	625,000	200,331	(33,315)	833,283	1,942,668	-	1,942,668	11.45
2037	2038	16,967	0.0%	1,158,951	-	-	(46,226)	1,112,725	6.56	6.56	645,000	175,331	(33,331)	828,016	1,940,741	-	1,940,741	11.44
2038	2039	16,967	0.0%	-	-	-	-	-	-	-	1,775,000	149,531	(79,479)	1,941,279	1,941,279	-	1,941,279	11.44
2039	2040	16,967	0.0%	-	-	-	-	-	-	-	1,850,000	76,313	(77,651)	1,944,977	1,944,977	-	1,944,977	11.46
2040	2041	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2041	2042	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2042	2043	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2043	2044	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2044	2045	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2045	2046	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2046	2047	16,967	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals				15,421,122	2,945,618	426,959	(470,048)	18,323,651			10,540,000	4,284,172	(496,491)	15,067,647	33,391,298	-	33,391,298	

¹ Tax capacity value for taxes payable in 2023 through 2025 are the actual values. Estimates for future years are based on the percentage changes as shown above.

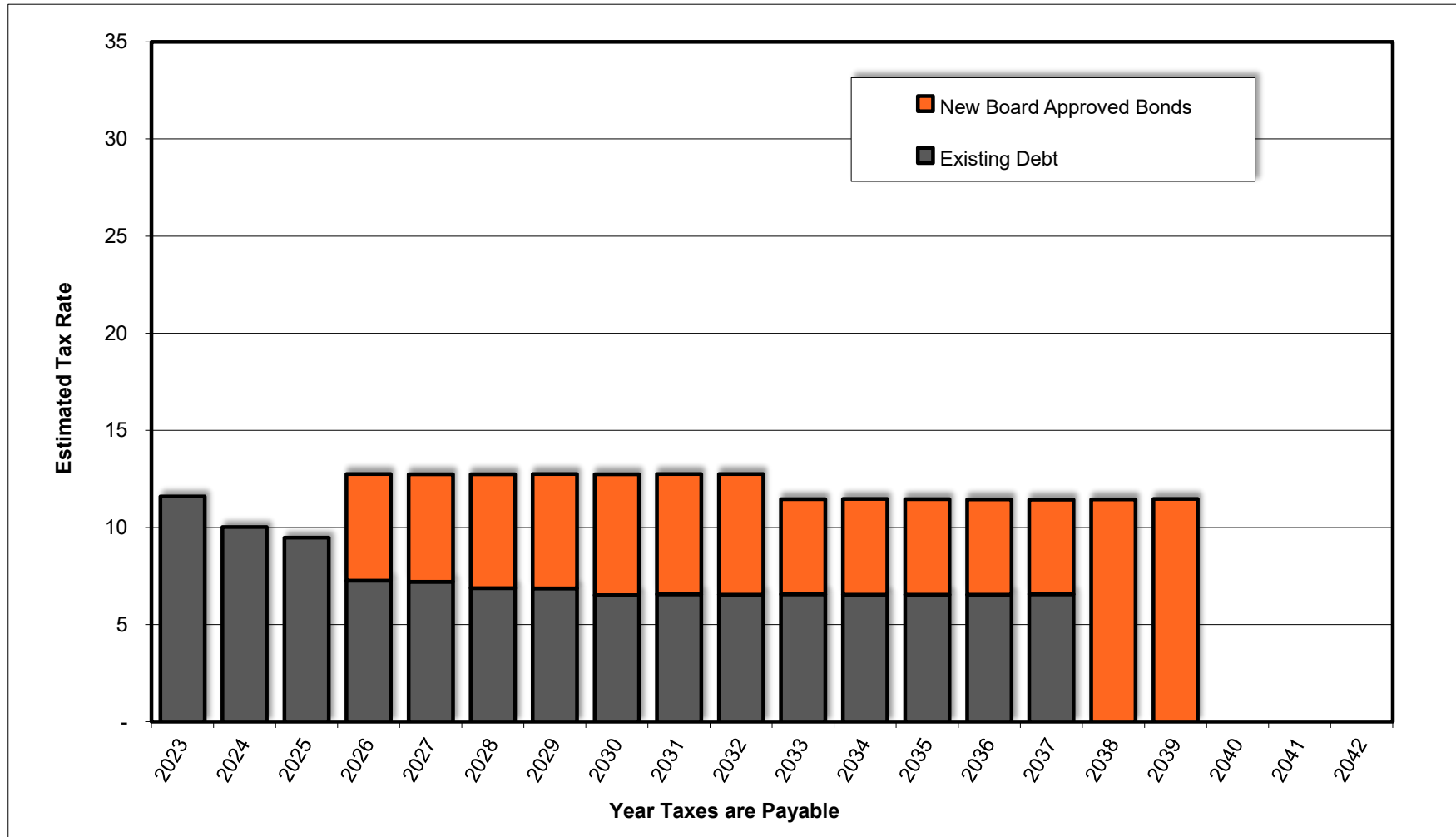
² Initial debt service levies (prior to subtracting debt equalization aid) are set at 105 percent of the principal and interest payments during the next fiscal year.

³ Debt excess adjustment for taxes payable in 2023 through 2026 are 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.

RESULTS OF BOND SALE

Kenyon-Wanamingo School District No. 2172
Estimated Tax Rates for Capital and Debt Service Levies
Existing Commitments and Proposed New Debt

\$10,540,000 Bond Issue
14 Tax Levies
Wrapped Around Existing Debt



Date Prepared: December 8, 2025



Debt Plan 2026A - K-W IAQ Results \$10.675 Project Cost.xlsx



Rating Action: Moody's Ratings assigns UND Ba1 & ENH Aa1 to Kenyon-Wanamingo ISD 2172, MN's new GOs

03 Dec 2025

New York, December 03, 2025 -- Moody's Ratings (Moody's) has assigned an underlying Ba1 and enhanced Aa1 ratings to Kenyon-Wanamingo Independent School District 2172, MN's General Obligation Facilities Maintenance Bonds, Series 2026A with a proposed par amount of about \$10 million. We maintain the district's Ba1 issuer rating and Ba1 rating on the outstanding general obligation unlimited tax (GOULT) bonds. The district will have about \$24 million in GOULT debt outstanding following the sale.

RATINGS RATIONALE

The Ba1 issuer rating reflects the district's deeply negative reserves and the expectation that the financial position will remain challenged at least through fiscal 2027 (year-end June 30). The available fund balance ratio has been negative for seven consecutive years, driven by several years of negative budget variances and material enrollment declines. The district remains under Statutory Operating Debt (SOD), which places it under state oversight and requires it to submit to the Commissioner of Education a five-year budget plan to balance operations. The efforts to meet the improvements outlined in the original SOD plan have been hampered by a continued trend of declining enrollment and slower than anticipated expenditure reductions.

Fiscal 2025 closed with a general fund surplus of just over \$140,000 and the adopted fiscal 2026 budget reflects an additional surplus of nearly \$480,000, both of which were supported primarily by ongoing expenditure reductions. If fully realized, these surpluses would increase the general fund balance to levels closer to negative 10% in fiscal 2026 from negative 17% in fiscal 2024. The district reduced the amount of cash flow borrowing to about \$2.5 million in fiscal 2026 from \$3 million in fiscal 2025. Favorably, the district has a solid resident income ratio equal to about 125% and a strong full value per capital that is now approaching \$400,000. The long-term liabilities ratio will increase to levels closer to 300% following the upcoming sale, which is above average.

The Ba1 GOULT rating is at the same level as the Ba1 issuer rating because of the district's full faith and credit pledge and authority to levy ad valorem property taxes to pay debt service without limit as to rate or amount.

The Aa1 enhanced rating on the current bonds reflects the additional security provided by the State of Minnesota's School District Credit Enhancement Program. The Aa1 enhanced programmatic rating is notched once from the State of Minnesota's Aaa Issuer Rating. The enhanced rating reflects sound program mechanics and the state's pledge of an unlimited appropriation from its General Fund should the district be unable to meet debt service requirements. The program 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. We have received a copy of the signed program applications.

RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Consistent operational improvements that provide confidence the district's fund balance will return to positive position

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Financial performance in fiscal 2026 that adversely deviates from current estimates or the inability to continue improving general fund reserves in 2027
- The failure to continue receiving the state's approval for the revised SOD plans
- The inability to maintain a cash position sufficient to meet operating expenditures on a timely basis
- Downgrade of the State of Minnesota's Issuer Rating (enhanced)
- Weakening of the credit enhancement program mechanics (enhanced)

PROFILE

Kenyon-Wanamingo I.S.D. 2172 is located approximately 30 miles northwest of Rochester and 60 miles southeast of the Twin Cities. The district provides early childhood through twelfth grade education to a resident population of about 5,700 and serves just over 600 students.

METHODOLOGY

The principal methodology used in the underlying rating was US K-12 Public School Districts published in July 2024 and available at <https://ratings.moody.com/rmc-documents/425431>. The principal methodology used in the enhanced rating was US State Aid Intercept Programs and Financings published in February 2024 and available at <https://ratings.moody.com/rmc-documents/415020>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of these methodologies.

REGULATORY DISCLOSURES

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 on <https://ratings.moody.com/rating-definitions>.

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Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

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

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Benjamin VanMetre
Lead Analyst

Gera McGuire
Additional Contact

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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CREDIT OPINION

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Contacts

Benjamin J VanMetre +1.312.706.9951
VP-Senior Analyst
ben.vanmetre@moodys.com

Gera M. McGuire +1.312.706.9977
Associate Managing Director
gera.mcguire@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
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Kenyon-Wanamingo Independent School District 2172, MN

Update to credit analysis

Summary

Kenyon-Wanamingo ISD 2172, MN's (Ba1 NOO) financial position will remain challenged at least through fiscal 2027 (year-end June 30). The district remains under Statutory Operating Debt (SOD) and the efforts to meet the financial improvements outlined in the original SOD plan have been hampered by a continued trend of declining enrollment and slower than anticipated expenditure reductions. Favorably, audited fiscal 2025 results and the adopted fiscal 2026 budget point to early signs of improvement.

Credit strengths

- » Strong full value per capita and solid resident incomes
- » Presence of state oversight process as part of state's SOD program

Credit challenges

- » Negative available fund balance with a sizable reliance on cash flow borrowing to support operations
- » Declining enrollment

Rating outlook

We do not assign outlooks to local governments with this amount of debt.

Factors that could lead to an upgrade

- » Consistent operational improvements that provide confidence the district's fund balance will return to positive position
- » A stable enrollment trend

Factors that could lead to a downgrade

- » Financial performance in fiscal 2026 that adversely deviates from current estimates or the inability to continue improving general fund reserves in 2027
- » The failure to continue receiving the state's approval for the revised SOD plans
- » The inability to maintain a cash position sufficient to meet operating expenditures on a timely basis

Key indicators

Exhibit 1

Kenyon-Wanamingo I.S.D. 2172, MN

	2022	2023	2024	2025	Ba Medians
Economy					
Resident income	128.0%	125.9%	N/A	N/A	N/A
Full value (\$000)	\$1,442,924	\$1,744,875	\$1,763,522	\$2,145,141	N/A
Population	5,676	5,663	N/A	N/A	N/A
Full value per capita	\$254,215	\$308,119	N/A	N/A	N/A
Enrollment	659	654	674	644	N/A
Enrollment trend	-5.1%	-4.5%	-2.4%	-0.8%	N/A
Financial performance					
Operating revenue (\$000)	\$11,741	\$12,181	\$12,879	\$12,937	N/A
Available fund balance (\$000)	-\$1,276	-\$1,998	-\$1,972	-\$1,773	N/A
Net cash (\$000)	\$112	-\$477	-\$449	-\$360	N/A
Available fund balance ratio	-10.9%	-16.4%	-15.3%	-13.7%	N/A
Net cash ratio	1.0%	-3.9%	-3.5%	-2.8%	N/A
Leverage					
Debt (\$000)	\$17,596	\$16,202	\$14,895	\$13,588	N/A
ANPL (\$000)	\$21,390	\$15,715	\$14,206	\$10,333	N/A
OPEB (\$000)	\$524	\$502	\$461	\$482	N/A
Long-term liabilities ratio	336.5%	266.2%	229.5%	188.6%	N/A
Implied debt service (\$000)	\$1,325	\$1,229	\$1,125	\$1,031	N/A
Pension tread water (\$000)	\$368	\$566	\$547	N/A	N/A
OPEB contributions (\$000)	\$30	\$28	\$35	\$22	N/A
Fixed-costs ratio	14.7%	15.0%	13.3%	12.4%	N/A

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, Kenyon-Wanamingo I.S.D. 2172, MN's financial statements and Moody's Ratings

Profile

Kenyon-Wanamingo I.S.D. 2172 is located about 30 miles northwest of Rochester and 60 miles southeast of the Twin Cities. The district provides early childhood through twelfth grade education to a resident population of about 5,700 and serves just over 600 students.

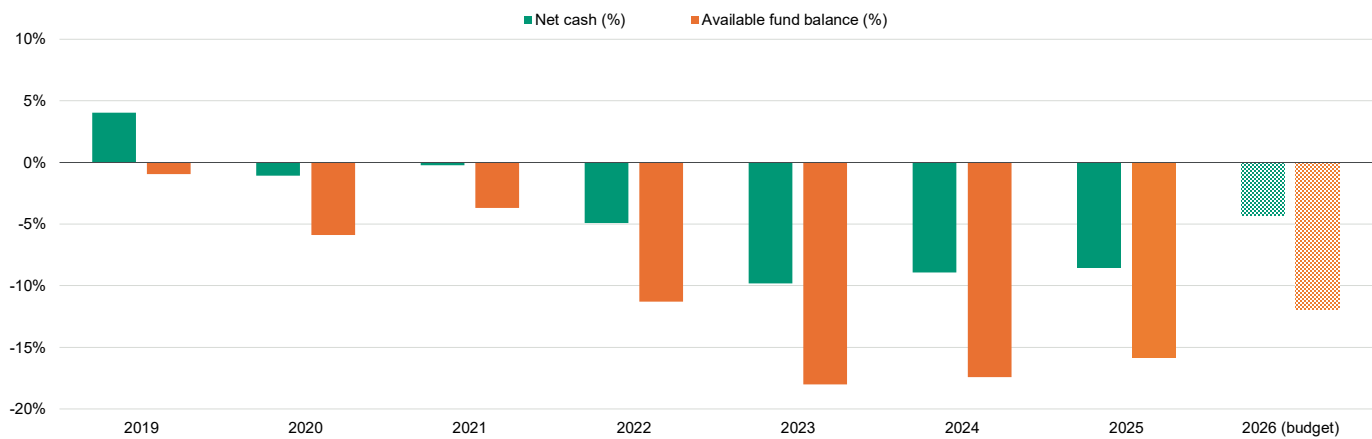
Detailed credit considerations

The district's available fund balance ratio has been negative for seven consecutive years though audited fiscal 2025 results and the adopted fiscal 2026 budget point to early signs of improvement. Fiscal 2025 closed with a general fund surplus of just over \$140,000 and the adopted fiscal 2026 budget reflects an additional surplus of nearly \$480,000. The recent improvements have been supported primarily by ongoing efforts to consolidate facilities and reduce staffing levels to better align with the lower enrollment levels. The district closed one facility this year and sold the building for about \$350,000, proceeds from which will likely be dedicated to capital or early debt retirement. If fully realized, the projected 2026 surplus would increase the general fund balance to levels closer to negative 10% from negative 15%.

The district was able to reduce the amount of cash flow borrowing to about \$2.5 million in fiscal 2026 from \$3 million in fiscal 2025. Management has targeted an additional \$500,000 in spending reductions for fiscal 2027. The district also benefits from a voter approved operating levy that generates just over \$1 million annually and has been approved through fiscal 2032.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Exhibit 2

Early signs of gradual improvement following several years of negative reserves*Net cash and fund balance as a percentage of general fund revenue*

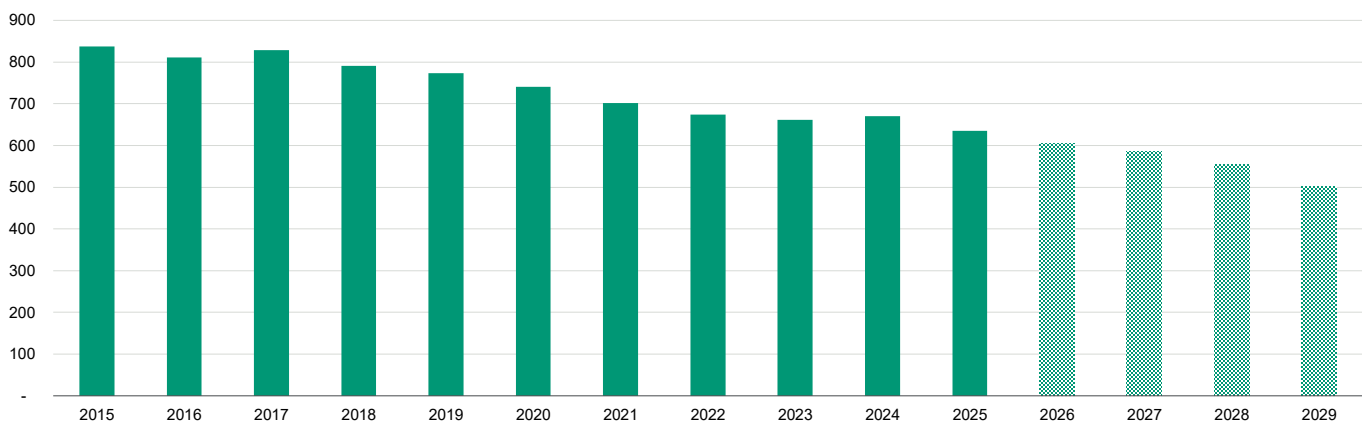
Source: audited financial statements

The very weak financial position was driven by several years of negative budget variances and material enrollment declines. The district remains under Statutory Operating Debt (SOD), which places it under state oversight and requires it to submit to the Commissioner of Education a five-year budget plan to balance operations. The efforts to meet the improvements outlined in the original SOD plan have been hampered by continued trend of declining enrollment and slower than anticipated expenditure reductions.

Favorably, the district is a solid resident income ratio equal to about 125% of the US and a strong full value per capital that is now approaching \$400,000. The long-term liabilities ratio will increase to levels closer to 300% following the upcoming sale, which is above average.

Economy

Exhibit 3

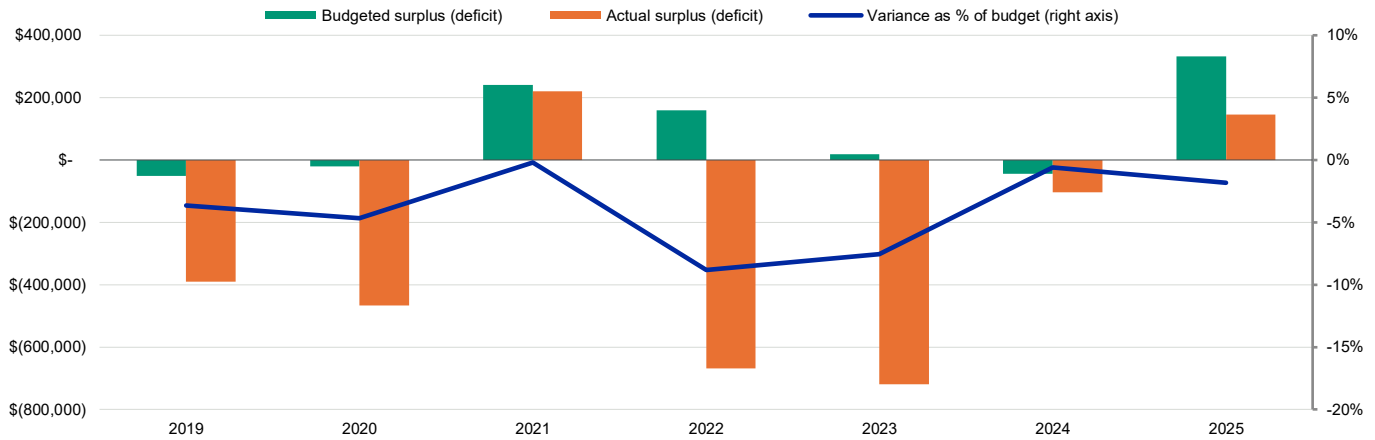
Long-term trend of enrollment declines

Source: Moody's Ratings

Financial operations

Exhibit 4

History of weak budget management with several large negative budget variances



Source: audited financial statements

ESG considerations

Environmental

Environmental risks are factored into our assessment of the district's credit quality, but are not major drivers at this time.

Social

Social considerations such as wealth and income are drivers of the district's credit quality and are discussed in the detailed credit considerations.

Governance

Minnesota school districts have a fair ability to control their revenue. Most funding comes from a state-controlled per-pupil formula, which has increased annually but often trails inflation. Enrollment drives state aid and local revenue. Districts can raise a moderate amount of local revenue and can ask voters for additional revenue up to a referendum cap, which is adjusted for inflation. Kenyon-Wanamingo ISD 2172 has a history of weak budget management with negative budget variances resulting in a deficit fund balance ratio though recent budget actions have started making gradual improvements.

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.

The assigned rating is higher than the scorecard indicated rating because district is under Statutory Operating Debt (SOD) which requires it to submit to the Commissioner of Education a five-year budget plan to balance operations and because audited fiscal 2025 results and the adopted fiscal 2026 budget point to early signs of improvement.

Exhibit 5

Kenyon-Wanamingo I.S.D. 2172, MN

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	125.9%	3.7%	Aaa
Full value per capita (full valuation of the tax base / population)	378,799	3.7%	Aaa
Enrollment trend (three-year CAGR in enrollment)	-0.8%	3.7%	A
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	-15.3%	59.3%	Ca
Net cash ratio (net cash / operating revenue)	-3.5%	14.8%	B
Institutional framework			
Institutional Framework	A	3.7%	A
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	341.0%	7.4%	A
Fixed-costs ratio (adjusted fixed costs / operating revenue)	13.3%	3.7%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			B2
Assigned Rating			Ba1

The complete list of outstanding ratings assigned to the Kenyon-Wanamingo I.S.D. 2172, MN is available on their [issuer page](#). Details on the current ESG scores assigned to the Kenyon-Wanamingo I.S.D. 2172, MN are available on their [ESGView page](#).

Sources: US Census Bureau, Kenyon-Wanamingo I.S.D. 2172, MN's financial statements and Moody's Ratings

Appendix

Exhibit 6

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 Ratings
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 Ratings
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 Ratings
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
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 Ratings
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 Ratings
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 Ratings

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