

March 24, 2025

SALE DAY REPORT FOR:

Independent School District No. 761 (Owatonna Public Schools), Minnesota

**\$7,055,000 General Obligation Facilities Maintenance
and School Building Bonds, Series 2025A**



Prepared by:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

Competitive Sale Results

PURPOSE:	To finance facility maintenance projects included in the District's ten-year facility plan approved by the Commissioner of Education and the acquisition and betterment of school sites and facilities in the District.
RATING:	MN Credit Enhancement Rating: Moody's Investor's Service "Aa1" Underlying Rating: Moody's Investor's Service "A1"
NUMBER OF BIDS:	6
LOW BIDDER:	Baird, Milwaukee, Wisconsin

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

LOW BID:*	3.5646%
HIGH BID:	3.7843%

Summary of Sale Results:	
Principal Amount:	\$7,055,000
Underwriter's Discount:	\$52,606
Reoffering Premium:	\$438,670
True Interest Cost*:	3.5494%
Costs of Issuance:	\$90,575
Yield:	2.72%-3.75%
Total Net Principal and Interest:	\$9,560,193

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

NOTES:	The True Interest Cost of 3.55% is below the estimate of 4.16% in the Pre-Sale Report dated February 24, 2025. The winning bidder submitted a bid with a premium price (a price paid that is more than the principal amount). The premium, favorable interest rates, and favorable construction bids will provide the district with significantly lower financing cost. When compared with the pre-sale estimates from February 24, total principal and interest for the 2025A bonds is projected to be approximately \$1.1 million lower than estimated.
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The Bonds maturing February 1, 2034 and thereafter are callable February 1, 2033 or any date thereafter.

CLOSING DATE:

April 17, 2025

**SCHOOL BOARD
ACTION:**

Adopt the resolution awarding the sale of \$7,055,000 General Obligation Facilities Maintenance and School Building Bonds, Series 2025A

SUPPLEMENTARY ATTACHMENTS

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

BID TABULATION

\$7,200,000* General Obligation Facilities Maintenance and School Building Bonds, Series 2025A

Independent School District No. 761 (Owatonna Public Schools), Minnesota

SALE: March 24, 2025

AWARD: BAIRD

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

Underlying Rating: Moody's Investor's Service "A1"

Tax Exempt - Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	COUPON RATE	REOFFERING YIELD	PRICE	TRUE INTEREST RATE
BAIRD				\$7,584,902.15	3.5646%
Milwaukee, Wisconsin	2026	5.000%	2.720%		
C.L. King & Associates	2027	5.000%	2.730%		
Colliers Securities LLC	2028	5.000%	2.770%		
Edward Jones	2029	5.000%	2.820%		
Fidelity Capital Markets	2030	5.000%	2.900%		
Crews & Associates, Inc.	2031	5.000%	2.940%		
SouthState/Duncan Williams Securities Corp.	2032	5.000%	2.990%		
	2033	5.000%	3.060%		
Bernardi Securities, Inc.	2034	5.000%	3.160%		
Country Club Bank	2035	4.000%	3.300%		
Oppenheimer & Co.	2036	4.000%	3.400%		
Alliance Global Partners	2037	4.000%	3.500%		
CADZ Securities Inc	2038	4.000%	3.600%		
Celadon Financial Group, LLC	2039	4.000%	3.650%		
Isaak Bond Investments, Inc	2040	4.000%	3.700%		
Carty, Harding & Hearn, Inc.	2041	4.000%	3.750%		
UMB Bank, N.A.					
United Bankers Bank					
FMS Bonds Inc.					
First Kentucky Securities Corp.					
Central States Capital Markets					
Midland Securities					
First Southern LLC					
Dinosaur Financial Group					
First Bankers' Banc Securities, Inc.					
Mountainside Securities LLC					
Blaylock Van, LLC					
Commerce Bank, N.A.					
Falcon Square Capital					
Caldwell Sutter Capital, Inc.					
ZIONS BANK, division of ZB, N.A.					
StoneX Financial Inc.					

* Subsequent to bid opening the issue size was decreased to \$7,055,000.

Adjusted Price: \$7,441,063.85 Adjusted Net Interest Cost: \$2,119,128.93 Adjusted TIC: 3.5494%

NAME OF BIDDER	TRUE INTEREST RATE
THE BAKER GROUP Oklahoma City, Oklahoma	3.5821%
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	3.6170%
STIFEL, NICOLAUS & COMPANY, INCORPORATED Birmingham, Alabama	3.7093%
TD SECURITIES (USA) LLC New York, New York	3.7277%
HILLTOPSECURITIES Dallas, Texas	3.7843%

RESULTS OF BOND SALE

Owatonna Public School District No. 761

Estimated Sources and Uses for Bond Issue

March 24, 2025

Description	Facilities Maintenance - Health & Safety/ Category 2	School Building Bonds	Total
Authorized Bond Amount	\$5,800,000	\$1,970,000	\$7,770,000
Sources of Funds			
Par Amount	\$5,085,000	\$1,970,000	\$7,055,000
Reoffering Premium ¹	321,564	117,107	438,670
Investment Earnings ²	26,517	10,236	36,752
Total Sources	\$5,433,080	\$2,097,342	\$7,530,423
Uses of Funds			
Underwriter's Discount ³	\$37,917	\$14,690	\$52,606
Legal and Fiscal Costs ⁴	65,283	25,292	90,575
Net Available for Project Costs	5,329,880	2,057,361	7,387,241
Total Uses	\$5,433,080	\$2,097,342	\$7,530,423
Initial Deposit to Construction Fund	\$5,303,363	\$2,047,125	\$7,350,489

¹ The underwriter of the bonds offered a premium for the bonds. They will retain a portion of the premium as their compensation, or underwriter's discount. The remainder of the premium was 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 toward the project.

² Estimated investment earnings are based on an average interest rate of 1.0%, and an average life of 6 months.

³ 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.

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

I.S.D. No. 761 (Owatonna), MN

\$7,055,000 G.O. Facilities Maintenance and School Building Bonds, Series 2025A

Issue Summary

Dated: April 17, 2025

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/17/2025	-	-	-	-	-
02/01/2026	455,000.00	5.000%	254,692.78	709,692.78	709,692.78
08/01/2026	-	-	150,050.00	150,050.00	-
02/01/2027	570,000.00	5.000%	150,050.00	720,050.00	870,100.00
08/01/2027	-	-	135,800.00	135,800.00	-
02/01/2028	325,000.00	5.000%	135,800.00	460,800.00	596,600.00
08/01/2028	-	-	127,675.00	127,675.00	-
02/01/2029	415,000.00	5.000%	127,675.00	542,675.00	670,350.00
08/01/2029	-	-	117,300.00	117,300.00	-
02/01/2030	455,000.00	5.000%	117,300.00	572,300.00	689,600.00
08/01/2030	-	-	105,925.00	105,925.00	-
02/01/2031	480,000.00	5.000%	105,925.00	585,925.00	691,850.00
08/01/2031	-	-	93,925.00	93,925.00	-
02/01/2032	500,000.00	5.000%	93,925.00	593,925.00	687,850.00
08/01/2032	-	-	81,425.00	81,425.00	-
02/01/2033	535,000.00	5.000%	81,425.00	616,425.00	697,850.00
08/01/2033	-	-	68,050.00	68,050.00	-
02/01/2034	330,000.00	5.000%	68,050.00	398,050.00	466,100.00
08/01/2034	-	-	59,800.00	59,800.00	-
02/01/2035	350,000.00	4.000%	59,800.00	409,800.00	469,600.00
08/01/2035	-	-	52,800.00	52,800.00	-
02/01/2036	360,000.00	4.000%	52,800.00	412,800.00	465,600.00
08/01/2036	-	-	45,600.00	45,600.00	-
02/01/2037	570,000.00	4.000%	45,600.00	615,600.00	661,200.00
08/01/2037	-	-	34,200.00	34,200.00	-
02/01/2038	405,000.00	4.000%	34,200.00	439,200.00	473,400.00
08/01/2038	-	-	26,100.00	26,100.00	-
02/01/2039	420,000.00	4.000%	26,100.00	446,100.00	472,200.00
08/01/2039	-	-	17,700.00	17,700.00	-
02/01/2040	440,000.00	4.000%	17,700.00	457,700.00	475,400.00
08/01/2040	-	-	8,900.00	8,900.00	-
02/01/2041	445,000.00	4.000%	8,900.00	453,900.00	462,800.00
Total	\$7,055,000.00	-	\$2,505,192.78	\$9,560,192.78	-

Yield Statistics

Bond Year Dollars	\$57,810.61
Average Life	8.194 Years
Average Coupon	4.3334480%
Net Interest Cost (NIC)	3.6656401%
True Interest Cost (TIC)	3.5494796%
Bond Yield for Arbitrage Purposes	3.3246311%
All Inclusive Cost (AIC)	3.7343544%

IRS Form 8038

Net Interest Cost	3.3905751%
Weighted Average Maturity	8.133 Years

I.S.D. No. 761 (Owatonna), MN

\$5,085,000 G.O. Facilities Maintenance and School Building Bonds, Series 2025A

Facilities Maintenance H&S Portion

Purpose 1 of 2

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/17/2025	-	-	-	-	-
02/01/2026	350,000.00	5.000%	184,047.78	534,047.78	534,047.78
08/01/2026	-	-	107,900.00	107,900.00	-
02/01/2027	385,000.00	5.000%	107,900.00	492,900.00	600,800.00
08/01/2027	-	-	98,275.00	98,275.00	-
02/01/2028	220,000.00	5.000%	98,275.00	318,275.00	416,550.00
08/01/2028	-	-	92,775.00	92,775.00	-
02/01/2029	310,000.00	5.000%	92,775.00	402,775.00	495,550.00
08/01/2029	-	-	85,025.00	85,025.00	-
02/01/2030	345,000.00	5.000%	85,025.00	430,025.00	515,050.00
08/01/2030	-	-	76,400.00	76,400.00	-
02/01/2031	370,000.00	5.000%	76,400.00	446,400.00	522,800.00
08/01/2031	-	-	67,150.00	67,150.00	-
02/01/2032	380,000.00	5.000%	67,150.00	447,150.00	514,300.00
08/01/2032	-	-	57,650.00	57,650.00	-
02/01/2033	410,000.00	5.000%	57,650.00	467,650.00	525,300.00
08/01/2033	-	-	47,400.00	47,400.00	-
02/01/2034	220,000.00	5.000%	47,400.00	267,400.00	314,800.00
08/01/2034	-	-	41,900.00	41,900.00	-
02/01/2035	235,000.00	4.000%	41,900.00	276,900.00	318,800.00
08/01/2035	-	-	37,200.00	37,200.00	-
02/01/2036	240,000.00	4.000%	37,200.00	277,200.00	314,400.00
08/01/2036	-	-	32,400.00	32,400.00	-
02/01/2037	450,000.00	4.000%	32,400.00	482,400.00	514,800.00
08/01/2037	-	-	23,400.00	23,400.00	-
02/01/2038	280,000.00	4.000%	23,400.00	303,400.00	326,800.00
08/01/2038	-	-	17,800.00	17,800.00	-
02/01/2039	290,000.00	4.000%	17,800.00	307,800.00	325,600.00
08/01/2039	-	-	12,000.00	12,000.00	-
02/01/2040	300,000.00	4.000%	12,000.00	312,000.00	324,000.00
08/01/2040	-	-	6,000.00	6,000.00	-
02/01/2041	300,000.00	4.000%	6,000.00	306,000.00	312,000.00
Total	\$5,085,000.00	-	\$1,790,597.78	\$6,875,597.78	-

Yield Statistics

Bond Year Dollars	\$41,201.50
Average Life	8.103 Years
Average Coupon	4.3459529%
Net Interest Cost (NIC)	3.6575150%
True Interest Cost (TIC)	3.5391868%
Bond Yield for Arbitrage Purposes	3.3246311%
All Inclusive Cost (AIC)	3.7255873%

IRS Form 8038

Net Interest Cost	3.3780406%
Weighted Average Maturity	8.044 Years

I.S.D. No. 761 (Owatonna), MN

\$1,970,000 G.O. Facilities Maintenance and School Building Bonds, Series 2025A

School Building Bond Portion

Purpose 2 of 2

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/17/2025	-	-	-	-	-
02/01/2026	105,000.00	5.000%	70,645.00	175,645.00	175,645.00
08/01/2026	-	-	42,150.00	42,150.00	-
02/01/2027	185,000.00	5.000%	42,150.00	227,150.00	269,300.00
08/01/2027	-	-	37,525.00	37,525.00	-
02/01/2028	105,000.00	5.000%	37,525.00	142,525.00	180,050.00
08/01/2028	-	-	34,900.00	34,900.00	-
02/01/2029	105,000.00	5.000%	34,900.00	139,900.00	174,800.00
08/01/2029	-	-	32,275.00	32,275.00	-
02/01/2030	110,000.00	5.000%	32,275.00	142,275.00	174,550.00
08/01/2030	-	-	29,525.00	29,525.00	-
02/01/2031	110,000.00	5.000%	29,525.00	139,525.00	169,050.00
08/01/2031	-	-	26,775.00	26,775.00	-
02/01/2032	120,000.00	5.000%	26,775.00	146,775.00	173,550.00
08/01/2032	-	-	23,775.00	23,775.00	-
02/01/2033	125,000.00	5.000%	23,775.00	148,775.00	172,550.00
08/01/2033	-	-	20,650.00	20,650.00	-
02/01/2034	110,000.00	5.000%	20,650.00	130,650.00	151,300.00
08/01/2034	-	-	17,900.00	17,900.00	-
02/01/2035	115,000.00	4.000%	17,900.00	132,900.00	150,800.00
08/01/2035	-	-	15,600.00	15,600.00	-
02/01/2036	120,000.00	4.000%	15,600.00	135,600.00	151,200.00
08/01/2036	-	-	13,200.00	13,200.00	-
02/01/2037	120,000.00	4.000%	13,200.00	133,200.00	146,400.00
08/01/2037	-	-	10,800.00	10,800.00	-
02/01/2038	125,000.00	4.000%	10,800.00	135,800.00	146,600.00
08/01/2038	-	-	8,300.00	8,300.00	-
02/01/2039	130,000.00	4.000%	8,300.00	138,300.00	146,600.00
08/01/2039	-	-	5,700.00	5,700.00	-
02/01/2040	140,000.00	4.000%	5,700.00	145,700.00	151,400.00
08/01/2040	-	-	2,900.00	2,900.00	-
02/01/2041	145,000.00	4.000%	2,900.00	147,900.00	150,800.00
Total	\$1,970,000.00	-	\$714,595.00	\$2,684,595.00	-

Yield Statistics

Bond Year Dollars	\$16,609.11
Average Life	8.431 Years
Average Coupon	4.3024277%
Net Interest Cost (NIC)	3.6857957%
True Interest Cost (TIC)	3.5752387%
Bond Yield for Arbitrage Purposes	3.3246311%
All Inclusive Cost (AIC)	3.7563027%

IRS Form 8038

Net Interest Cost	3.4217927%
Weighted Average Maturity	8.366 Years

RESULTS OF BOND SALE

Owatonna Public School District No. 761

Analysis of Possible Structure for Capital and Debt Levies

\$7,055,000 Bond Issue

16 Tax Levies

Wrapped Around Existing Debt

March 24, 2025

Type of Bond	Principal Amount	Dated Date	Interest Rate
Voter-Approved Building	\$1,970,000	04/17/25	3.58%
FM - Heath & Safety	\$5,085,000	04/17/25	3.54%

Levy Payable		Fiscal Year		Tax Capacity Value ¹		Existing Commitments				2025A Remaining School Building Voter Authority				2025A Facilities Maintenance Bonds				Combined Totals			
Year	Year	Year	Year	(\$000s)	% Chg	Building Bonds ²	Est. Debt Excess ³	Net Levy	Tax Rate	Principal	Interest	Add'l. Debt Excess ³	Net Levy	Principal	Interest	Add'l. Debt Excess ³	Net Debt Levy	Initial Debt Levy	State Aid	Net Levy	Tax Rate
2024	2025	2025	2026	47,669	14.5%	9,949,906	(431,855)	9,518,051	19.97	-	-	-	-	-	-	-	-	9,518,051	-	9,518,051	19.97
2025	2026	2026	2027	50,397	6.0%	9,948,908	(598,991)	9,364,344	18.58	105,000	70,645	-	184,427	350,000	184,048	-	560,750	10,109,521	-	10,109,521	20.06
2026	2027	2027	2028	50,649	0.5%	9,946,545	(735,374)	9,211,171	18.19	185,000	84,300	-	282,765	385,000	215,800	-	630,840	10,124,776	-	10,124,776	19.99
2027	2028	2028	2029	50,902	0.5%	9,949,275	(397,862)	9,551,413	18.76	105,000	75,050	-	189,053	220,000	196,550	-	437,378	10,177,843	-	10,177,843	19.99
2028	2029	2029	2030	51,157	0.5%	9,945,023	(397,971)	9,547,052	18.66	105,000	69,800	(7,562)	175,978	310,000	185,550	(17,495)	502,832	10,225,862	-	10,225,862	19.99
2029	2030	2030	2031	51,259	0.2%	9,949,538	(397,801)	9,551,737	18.63	110,000	64,550	(7,039)	176,238	345,000	170,050	(20,113)	520,689	10,248,664	-	10,248,664	19.99
2030	2031	2031	2032	51,259	0.0%	9,946,493	(397,982)	9,548,511	18.63	110,000	59,050	(7,050)	170,453	370,000	152,800	(20,828)	528,112	10,247,076	-	10,247,076	19.99
2031	2032	2032	2033	51,259	0.0%	9,949,695	(397,860)	9,551,835	18.63	120,000	53,550	(6,818)	175,409	380,000	134,300	(21,124)	518,891	10,246,135	-	10,246,135	19.99
2032	2033	2033	2034	51,259	0.0%	9,946,598	(397,988)	9,548,610	18.63	125,000	47,550	(7,016)	174,161	410,000	115,300	(20,756)	530,809	10,253,580	-	10,253,580	20.00
2033	2034	2034	2035	51,259	0.0%	9,952,950	(397,864)	9,555,086	18.64	110,000	41,300	(6,966)	151,899	220,000	94,800	(21,232)	309,308	10,016,292	-	10,016,292	19.54
2034	2035	2035	2036	51,259	0.0%	9,947,280	(398,118)	9,549,162	18.63	115,000	35,800	(6,076)	152,264	235,000	83,800	(18,448)	316,292	10,017,718	-	10,017,718	19.54
2035	2036	2036	2037	51,259	0.0%	9,944,445	(397,891)	9,546,554	18.62	120,000	31,200	(6,091)	152,669	240,000	74,400	(12,652)	317,468	10,016,692	-	10,016,692	19.54
2036	2037	2037	2038	51,259	0.0%	9,735,443	(397,778)	9,337,665	18.22	120,000	26,400	(6,107)	147,613	450,000	64,800	(12,699)	527,841	10,013,119	-	10,013,119	19.53
2037	2038	2038	2039	51,259	0.0%	9,937,778	(389,418)	9,548,360	18.63	125,000	21,600	(5,905)	148,025	280,000	46,800	(21,114)	322,026	10,018,412	-	10,018,412	19.54
2038	2039	2039	2040	51,259	0.0%	9,938,618	(397,511)	9,541,106	18.61	130,000	16,600	(5,921)	148,009	290,000	35,600	(12,881)	328,999	10,018,114	-	10,018,114	19.54
2039	2040	2040	2041	51,259	0.0%	9,935,940	(397,545)	9,538,395	18.61	140,000	11,400	(5,920)	153,050	300,000	24,000	(13,160)	327,040	10,018,485	-	10,018,485	19.54
2040	2041	2041	2042	51,259	0.0%	9,939,969	(397,438)	9,542,532	18.62	145,000	5,800	(6,122)	152,218	300,000	12,000	(13,082)	314,518	10,009,268	-	10,009,268	19.53
2041	2042	2042	2043	51,259	0.0%	9,939,366	(397,599)	9,541,767	18.61	-	-	-	-	-	-	-	-	9,541,767	-	9,541,767	18.61
2042	2043	2043	2044	51,259	0.0%	9,939,523	(397,575)	9,541,949	18.62	-	-	-	-	-	-	-	-	9,541,949	-	9,541,949	18.62
2043	2044	2044	2045	51,259	0.0%	9,940,324	(397,581)	9,542,743	18.62	-	-	-	-	-	-	-	-	9,542,743	-	9,542,743	18.62
2044	2045	2045	2046	51,259	0.0%	9,936,399	(397,613)	9,538,786	18.61	-	-	-	-	-	-	-	-	9,538,786	-	9,538,786	18.61
2045	2046	2046		51,259	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals						208,620,013	(8,917,612)	199,716,828		1,970,000	714,595	(84,593)	2,734,232	5,085,000	1,790,598	(225,583)	6,993,794	209,444,854	-	209,444,854	

1 Tax capacity value for taxes payable in 2024 is the actual value. Estimates for future years are based on the percentage changes as shown above.
2 Initial debt service levies (prior to subtracting debt equalization aid) are set at 105 percent of the principal and interest payments during the next fiscal year.
3 Debt excess adjustment for taxes payable in 2024 and 2025 are the actual amounts. The adjustment for 2026 is an estimate using the June 30, 2024 debt service fund balance. Debt excess for future years is estimated at 4% of the prior year's initial debt service levy.



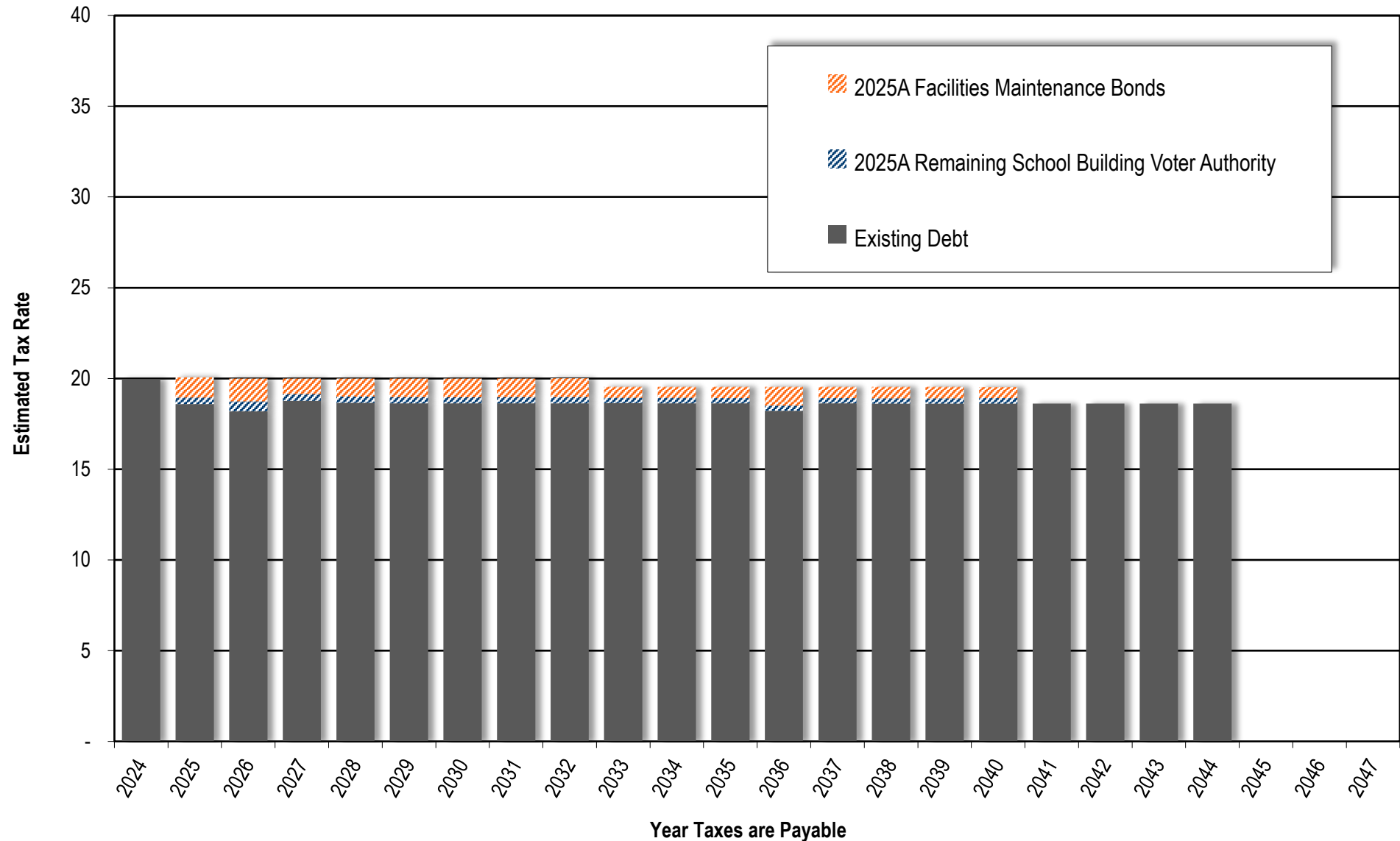
Owatonna Public School District No. 761

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

\$7,055,000 Bond Issue

16 Tax Levies

Wrapped Around Existing Debt



CREDIT OPINION

18 March 2025



Send Your Feedback

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Owatonna Independent School District 761, MN

Update to credit analysis

Summary

[Owatonna ISD 761, MN](#) (A1) benefits from its sound financial position and solid economic base, balanced against its above average leverage. Reserves are expected to modestly narrow in fiscal 2025, but the district plans to balance operations beginning in fiscal 2026. Enrollment has been stable but is expected to modestly decline over the next several years, while overall leverage will remain above average.

Credit strengths

- » Sound reserves
- » Strong resident income and full value per capita

Credit challenges

- » While reserves have improved, structural imbalances are projected to continue in the near-term barring material budgetary changes or revenue enhancements
- » Above average leverage and fixed costs

Rating outlook

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

Factors that could lead to an upgrade

- » Consistently stable enrollment trend
- » Ability to structurally balance financial operations with an available fund balance ratio above 20% of revenue

Factors that could lead to a downgrade

- » Larger than anticipated deficit in fiscal 2025 or the failure to structurally balance operations in fiscal 2026
- » An available fund balance ratio below 15% of revenue
- » Substantial growth in the long-term liabilities ratio to levels nearing 400% of revenue

Key indicators

Exhibit 1

Owatonna Independent School District 761, MN

	2021	2022	2023	2024	A Medians
Economy					
Resident income	122.1%	124.7%	124.9%	N/A	95.7%
Full value (\$000)	\$3,578,926	\$4,019,493	\$4,710,067	\$5,343,073	\$1,315,322
Population	30,099	30,180	30,157	N/A	14,266
Full value per capita	\$118,905	\$133,184	\$156,185	N/A	\$95,408
Enrollment	4,931	4,962	4,926	4,995	1,838
Enrollment trend	-0.3%	-0.9%	-0.5%	0.4%	-1.4%
Financial performance					
Operating revenue (\$000)	\$77,890	\$81,867	\$81,735	\$91,249	\$31,151
Available fund balance (\$000)	\$11,083	\$13,561	\$15,256	\$17,734	\$7,998
Net cash (\$000)	\$21,841	\$23,931	\$25,928	\$25,525	\$8,915
Available fund balance ratio	14.2%	16.6%	18.7%	19.4%	26.4%
Net cash ratio	28.0%	29.2%	31.7%	28.0%	32.5%
Leverage					
Debt (\$000)	\$174,081	\$168,444	\$163,315	\$157,934	\$23,604
ANPL (\$000)	\$192,473	\$164,109	\$126,226	\$113,141	\$48,858
OPEB (\$000)	\$4,355	\$4,573	\$4,240	\$4,445	\$3,281
Long-term liabilities ratio	476.2%	411.8%	359.4%	301.9%	316.8%
Implied debt service (\$000)	\$12,846	\$12,210	\$11,764	\$11,345	\$1,599
Pension tread water (\$000)	\$3,993	\$2,911	\$4,603	N/A	\$883
OPEB contributions (\$000)	\$238	\$246	\$202	\$238	\$148
Fixed-costs ratio	21.9%	18.8%	20.3%	17.7%	10.6%

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, Owatonna Independent School District 761, MN's financial statements and Moody's Ratings

Profile

Owatonna Independent School District 761, MN is situated about 60 miles southeast of the Twin Cities metropolitan area. The district provides pre-kindergarten to twelfth grade education to just under 5,000 students.

Detailed credit considerations

Owatonna ISD 761 benefits from a sound financial position supported by growing revenues and coronavirus stimulus funds. Reserves have strengthened to 19% in fiscal 2024 from a narrow 13% of revenue in fiscal 2019, which is attributed to the district utilizing its \$11 million in ESSER funds to partially offset operating expenses and retain staffing levels and programs. The district's voter-approved ten-year operating levy was renewed in 2020 and generates approximately \$2.9 million in annual revenue. The district's semirural economic base benefits from its strong resident income and full value per capita, with modest residential and commercial developments underway. Enrollment has remained stable recently, but is projected to modestly decline over the next several years mainly driven by declining birthrates. Favorably, the district runs an online learning program that currently accepts around 400 students from open enrollment and tuition agreements with other districts, helping offset open enrollment losses.

The district is on track to incur a \$2.5 million deficit across its operating funds in fiscal 2025 because of increased expenses and one-time capital projects. If the deficit is fully realized, reserves modestly decline to about 17% of fiscal 2024 operating revenue. Going into fiscal 2026, the district plans to enact \$1.8 million in expenditure reductions across staffing and other items, reducing the projected general fund deficit to around \$660,000. Management has indicated willingness to make further cuts if necessary to structurally balance operations. The district is in the process of issuing \$7.8 million in debt to finance capital improvements and facility maintenance projects from its ten-year facility plan, modestly raising leverage to around 305% of revenue. Leverage remains above average, though this is somewhat mitigated by the absence of major capital needs and additional debt plans.

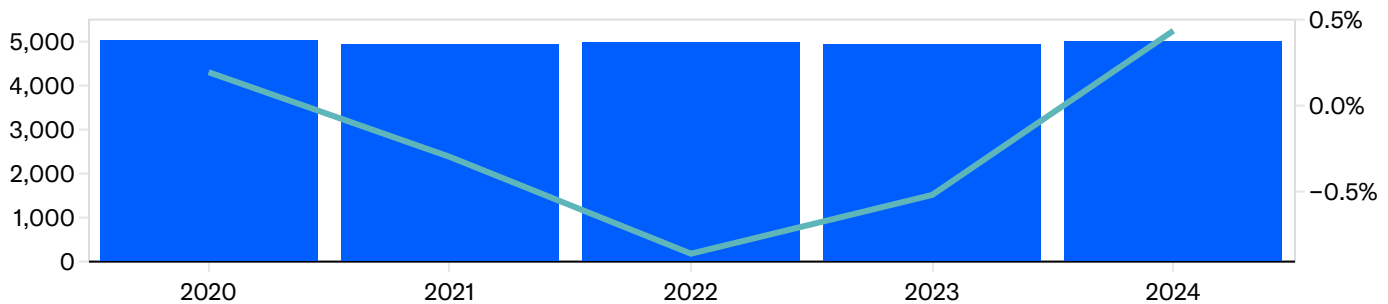
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Economy

Exhibit 2

Historically stable enrollment projected to modestly decline over the next several years

■ Enrollment (LHS) — Enrollment trend (three-year CAGR in enrollment) (RHS)



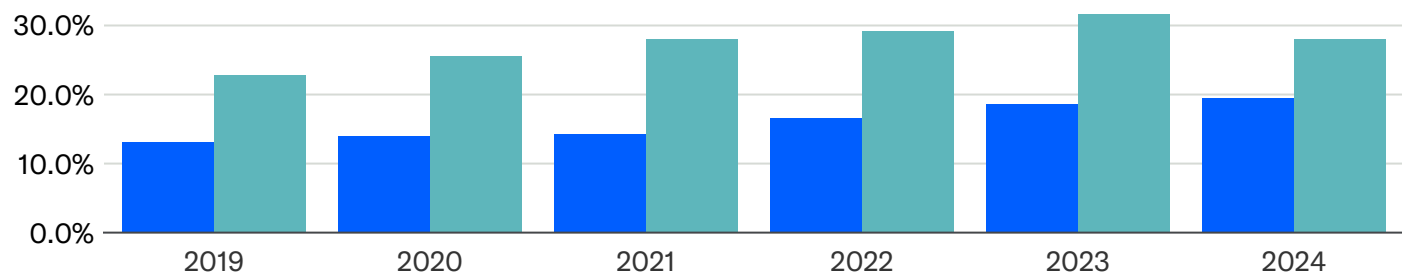
Source: Moody's Ratings

Financial operations

Exhibit 3

Operating reserves are projected to modestly narrow over the next two years

■ Fund Balance as a % of Revenues ■ Cash Balance as a % of Revenues



Sources: Owatonna Independent School District 761, MN's financial statements and Moody's Ratings

Leverage

Minnesota school districts' ANPLs are primarily attributable to their participation in the Teachers Retirement Association of Minnesota (TRA). Based on TRA's reporting, we expect Minnesota school districts' ANPLs to decline by about 8% in fiscal 2024. While results will vary across US public pension systems, we generally expect local governments' fiscal year 2025 ANPLs to fall by another 20% based on our aggregate estimates, due to rising interest rates and above-target investment returns in 2024. As of the TRA's fiscal 2023 reporting, government contributions in aggregate amounted to almost 10% of payroll, below our tread water indicator, which amounted to around 13% of payroll.

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, income, and enrollment, are factors in the district's credit quality and are discussed in the detailed credit considerations.

Governance

Governance is a credit consideration for all local government issuers. The district has a formal fund balance policy that requires the district to maintain between 8% and 10% of annual expenditures as unassigned general fund reserves, which the district has modestly exceeded. Transparency and disclosure practices are sound given the timely filing of audited financial statements and budgets, coupled with the publication of monthly financial reports on the district's website.

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 and can go to voters for additional revenue up to the standard referendum cap.

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 lower than the scorecard-indicated outcome because of the expectations that the district's available fund balance will narrow in fiscal 2025, but stabilize in fiscal 2026 because of planned expenditure reductions.

Exhibit 4

Owatonna Independent School District 761, MN

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	124.9%	10.0%	Aaa
Full value per capita (full valuation of the tax base / population)	177,175	10.0%	Aa
Enrollment trend (three-year CAGR in enrollment)	0.4%	10.0%	Aa
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	19.4%	20.0%	Aa
Net cash ratio (net cash / operating revenue)	28.0%	10.0%	Aaa
Institutional framework			
Institutional Framework	A	10.0%	A
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	304.7%	20.0%	A
Fixed-costs ratio (adjusted fixed costs / operating revenue)	17.7%	10.0%	Aa
Notching factors			
Potential for significant change in leverage	0.50		
Scorecard-Indicated Outcome			Aa2
Assigned Rating			A1

The complete list of outstanding ratings assigned to the Owatonna Independent School District 761, MN is available on their [issuer page](#). Details on the current ESG scores assigned to the Owatonna Independent School District 761, MN are available on their [ESGView page](#).

Sources: US Census Bureau, Owatonna Independent School District 761, MN's financial statements and Moody's Ratings

Appendix

Exhibit 5

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

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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