

October 24, 2024

SALE DAY REPORT FOR:

# Independent School District No. 139 (Rush City), Minnesota

**\$4,980,000 General Obligation  
Facilities Maintenance Bonds, Series 2024A**



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Prepared by:

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# Competitive Sale Results

**PURPOSE:** To finance health and safety and deferred maintenance projects included in the District’s ten-year facility plan as approved by the Commissioner of Education.

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

**NUMBER OF BIDS:** 5

**LOW BIDDER:** Northland Securities, Inc., Minneapolis, Minnesota

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

**LOW BID:** 3.5718%

**HIGH BID:** 3.6828%

Summary of Sale Results:	
Principal Amount:	\$4,980,000
Underwriter’s Discount:	\$43,373
Reoffering Premium:	\$261,350
True Interest Cost:	3.5718%
Costs of Issuance:	\$71,375
Yield:	2.96%-3.85%
Total Net P&I	\$6,184,345

**NOTES:** The True Interest Cost of 3.57% is less than the 3.72% estimated in the Pre-Sale Report presented to the School Board on September 26, 2024.

The Bonds maturing February 1, 2033, and thereafter are callable February 1, 2032, or any date thereafter.

**CLOSING DATE:** November 14, 2024

**SCHOOL BOARD ACTION:** Adopt the Resolution Awarding the Sale of \$4,980,000 General Obligation Facilities Maintenance Bonds, Series 2024A.

## **SUPPLEMENTARY ATTACHMENTS**

- Bid Tabulation
- Updated Combined Sources and Uses of Funds
- Updated Combined Debt Service Schedule
- Updated Debt Service Schedule for Facilities Maintenance – Health and Safety Portion of Bonds
- Updated Debt Service Schedule for Facilities Maintenance – Deferred Maintenance Portion of Bonds
- Updated Long-Term Financing Plan for Debt and Capital Payments and Levies
- Updated Long-Term Facilities (LTFM) Revenue, Debt Service Payments and Levies, and Remaining LTFM General Fund Revenue
- Rating Report
- Bond Resolution (Distributed Separately)

## BID TABULATION

**\$4,980,000 General Obligation Facilities Maintenance Bonds, Series 2024A**

**Independent School District No. 139 (Rush City), Minnesota**

**SALE: October 24, 2024**

**AWARD: NORTHLAND SECURITIES, INC.**

**MN Credit Enhancement Rating:** S&P Global Ratings "AAA"

**Underlying Rating:** S&P Global Ratings "A+"

Tax Exempt - Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	COUPON RATE	REOFFERING YIELD	PRICE	TRUE INTEREST RATE
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	2027	5.000%	2.960%	\$5,197,977.20	3.5718%
D.A. Davidson	2028	5.000%	2.980%		
	2029	5.000%	3.020%		
	2030	5.000%	3.060%		
	2031	5.000%	3.140%		
	2032	5.000%	3.230%		
	2033 <sup>1</sup>	4.000%	3.500%		
	2034 <sup>1</sup>	4.000%	3.500%		
	2035 <sup>2</sup>	4.000%	3.650%		
	2036 <sup>2</sup>	4.000%	3.650%		
	2037 <sup>3</sup>	4.000%	3.750%		
	2038 <sup>3</sup>	4.000%	3.750%		
	2039 <sup>4</sup>	4.000%	3.850%		
	2040 <sup>4</sup>	4.000%	3.850%		
TD SECURITIES (USA) LLC New York, New York					3.5869%
BAIRD Milwaukee, Wisconsin					3.5892%

<sup>1</sup> \$255,000 Term Bond due 2034 with mandatory redemption in 2033.

<sup>2</sup> \$280,000 Term Bond due 2036 with mandatory redemption in 2035.

<sup>3</sup> \$305,000 Term Bond due 2038 with mandatory redemption in 2037.

<sup>4</sup> \$335,000 Term Bond due 2040 with mandatory redemption in 2039.

NAME OF BIDDER	TRUE INTEREST RATE
BERNARDI SECURITIES, INC. Chicago, Illinois	3.6773%
BOK FINANCIAL SECURITIES, INC. Milwaukee, Wisconsin	3.6828%

# RESULTS OF BOND SALE

## Rush City School District, ISD 139

October 24, 2024

Estimated Sources and Uses of Funds  
General Obligation Facilities Maintenance Bond Issue

	Facilities Maintenance		Total
	Health & Safety - Indoor Air Quality	Deferred Maintenance	
<b>Authorized Amount</b>	<b>\$3,260,000</b>	<b>\$1,720,000</b>	<b>\$4,980,000</b>
<b>Estimated Project Costs</b>	<b>\$3,171,563</b>	<b>\$1,674,000</b>	<b>\$4,845,563</b>
<b>Number of Years</b>	<b>4</b>	<b>15</b>	
<b>Dated/Closing Date</b>	<b>11/14/2024</b>	<b>11/14/2024</b>	<b>11/14/2024</b>
<b>Sources of Funds</b>			
Par Amount	\$3,260,000	\$1,720,000	\$4,980,000
Reoffering Premium <sup>1</sup>	189,504	71,847	261,350
Investment Earnings <sup>2</sup>	8,436	4,381	12,817
<b>Total Sources</b>	<b>\$3,457,940</b>	<b>\$1,796,227</b>	<b>\$5,254,167</b>
<b>Uses of Funds</b>			
Underwriter's Discount <sup>3</sup>	\$28,393	\$14,980	\$43,373
Legal and Fiscal Costs <sup>4</sup>	46,723	24,652	71,375
<b>Net Available for Project Costs</b>	<b>3,382,823</b>	<b>1,756,595</b>	<b>5,139,419</b>
<b>Total Uses</b>	<b>\$3,457,940</b>	<b>\$1,796,227</b>	<b>\$5,254,167</b>
<b>Initial Deposit to Construction Fund</b>	<b>\$3,374,387</b>	<b>\$1,752,215</b>	<b>\$5,126,602</b>

- 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 deposited in the construction fund and used to fund a portion of the project costs.
- 2 Estimated investment earnings are based on an average interest rate of 1.0%, and an average life of 3 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, county certificates and paying agent.

# Rush City School District

## \$4,980,000 General Obligation Facilities Maintenance Bonds, Series 2024A

### Issue Summary

Dated: November 14, 2024

### Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S	Fiscal Total
11/14/2024	-	-	-	-	-	-
08/01/2025	-	-	169,370.14	169,370.14	169,370.14	-
02/01/2026	-	-	118,625.00	118,625.00	118,625.00	287,995.14
08/01/2026	-	-	118,625.00	118,625.00	118,625.00	-
02/01/2027	1,240,000.00	5.000%	118,625.00	1,358,625.00	1,358,625.00	1,477,250.00
08/01/2027	-	-	87,625.00	87,625.00	87,625.00	-
02/01/2028	1,400,000.00	5.000%	87,625.00	1,487,625.00	1,487,625.00	1,575,250.00
08/01/2028	-	-	52,625.00	52,625.00	52,625.00	-
02/01/2029	820,000.00	5.000%	52,625.00	872,625.00	872,625.00	925,250.00
08/01/2029	-	-	32,125.00	32,125.00	32,125.00	-
02/01/2030	110,000.00	5.000%	32,125.00	142,125.00	142,125.00	174,250.00
08/01/2030	-	-	29,375.00	29,375.00	29,375.00	-
02/01/2031	115,000.00	5.000%	29,375.00	144,375.00	144,375.00	173,750.00
08/01/2031	-	-	26,500.00	26,500.00	26,500.00	-
02/01/2032	120,000.00	5.000%	26,500.00	146,500.00	146,500.00	173,000.00
08/01/2032	-	-	23,500.00	23,500.00	23,500.00	-
02/01/2033	125,000.00	4.000%	23,500.00	148,500.00	148,500.00	172,000.00
08/01/2033	-	-	21,000.00	21,000.00	21,000.00	-
02/01/2034	130,000.00	4.000%	21,000.00	151,000.00	151,000.00	172,000.00
08/01/2034	-	-	18,400.00	18,400.00	18,400.00	-
02/01/2035	135,000.00	4.000%	18,400.00	153,400.00	153,400.00	171,800.00
08/01/2035	-	-	15,700.00	15,700.00	15,700.00	-
02/01/2036	145,000.00	4.000%	15,700.00	160,700.00	160,700.00	176,400.00
08/01/2036	-	-	12,800.00	12,800.00	12,800.00	-
02/01/2037	150,000.00	4.000%	12,800.00	162,800.00	162,800.00	175,600.00
08/01/2037	-	-	9,800.00	9,800.00	9,800.00	-
02/01/2038	155,000.00	4.000%	9,800.00	164,800.00	164,800.00	174,600.00
08/01/2038	-	-	6,700.00	6,700.00	6,700.00	-
02/01/2039	165,000.00	4.000%	6,700.00	171,700.00	171,700.00	178,400.00
08/01/2039	-	-	3,400.00	3,400.00	3,400.00	-
02/01/2040	170,000.00	4.000%	3,400.00	173,400.00	173,400.00	176,800.00
<b>Total</b>	<b>\$4,980,000.00</b>	<b>-</b>	<b>\$1,204,345.14</b>	<b>\$6,184,345.14</b>	<b>\$6,184,345.14</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$26,895.17
Average Life	5.401 Years
Average Coupon	4.4779241%
Net Interest Cost (NIC)	3.6674543%
True Interest Cost (TIC)	3.5718634%
All Inclusive Cost (AIC)	3.8746107%
Bond Yield for Arbitrage Purposes	3.3646341%

### IRS Form 8038

Net Interest Cost	3.3645242%
Weighted Average Maturity	5.347 Years

# Rush City School District

\$3,260,000 General Obligation Facilities Maintenance Bonds, Series 2024A

Health & Safety - Indoor Air Quality Portion

Purpose 1 of 2

## Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S	Fiscal Total
11/14/2024	-	-	-	-	-	-
08/01/2025	-	-	116,363.89	116,363.89	116,363.89	-
02/01/2026	-	-	81,500.00	81,500.00	81,500.00	197,863.89
08/01/2026	-	-	81,500.00	81,500.00	81,500.00	-
02/01/2027	1,240,000.00	5.000%	81,500.00	1,321,500.00	1,321,500.00	1,403,000.00
08/01/2027	-	-	50,500.00	50,500.00	50,500.00	-
02/01/2028	1,305,000.00	5.000%	50,500.00	1,355,500.00	1,355,500.00	1,406,000.00
08/01/2028	-	-	17,875.00	17,875.00	17,875.00	-
02/01/2029	715,000.00	5.000%	17,875.00	732,875.00	732,875.00	750,750.00
<b>Total</b>	<b>\$3,260,000.00</b>	<b>-</b>	<b>\$497,613.89</b>	<b>\$3,757,613.89</b>	<b>\$3,757,613.89</b>	<b>-</b>

## Yield Statistics

Bond Year Dollars	\$9,952.28
Average Life	3.053 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	3.3811676%
True Interest Cost (TIC)	3.2764219%
All Inclusive Cost (AIC)	3.7636232%
Bond Yield for Arbitrage Purposes	3.3646341%

## IRS Form 8038

Net Interest Cost	2.9168440%
Weighted Average Maturity	3.062 Years



# Rush City School District

## \$1,720,000 General Obligation Facilities Maintenance Bonds, Series 2024A

Deferred Maintenance Portion

Purpose 2 of 2

### Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S	Fiscal Total
11/14/2024	-	-	-	-	-	-
08/01/2025	-	-	53,006.25	53,006.25	53,006.25	-
02/01/2026	-	-	37,125.00	37,125.00	37,125.00	90,131.25
08/01/2026	-	-	37,125.00	37,125.00	37,125.00	-
02/01/2027	-	-	37,125.00	37,125.00	37,125.00	74,250.00
08/01/2027	-	-	37,125.00	37,125.00	37,125.00	-
02/01/2028	95,000.00	5.000%	37,125.00	132,125.00	132,125.00	169,250.00
08/01/2028	-	-	34,750.00	34,750.00	34,750.00	-
02/01/2029	105,000.00	5.000%	34,750.00	139,750.00	139,750.00	174,500.00
08/01/2029	-	-	32,125.00	32,125.00	32,125.00	-
02/01/2030	110,000.00	5.000%	32,125.00	142,125.00	142,125.00	174,250.00
08/01/2030	-	-	29,375.00	29,375.00	29,375.00	-
02/01/2031	115,000.00	5.000%	29,375.00	144,375.00	144,375.00	173,750.00
08/01/2031	-	-	26,500.00	26,500.00	26,500.00	-
02/01/2032	120,000.00	5.000%	26,500.00	146,500.00	146,500.00	173,000.00
08/01/2032	-	-	23,500.00	23,500.00	23,500.00	-
02/01/2033	125,000.00	4.000%	23,500.00	148,500.00	148,500.00	172,000.00
08/01/2033	-	-	21,000.00	21,000.00	21,000.00	-
02/01/2034	130,000.00	4.000%	21,000.00	151,000.00	151,000.00	172,000.00
08/01/2034	-	-	18,400.00	18,400.00	18,400.00	-
02/01/2035	135,000.00	4.000%	18,400.00	153,400.00	153,400.00	171,800.00
08/01/2035	-	-	15,700.00	15,700.00	15,700.00	-
02/01/2036	145,000.00	4.000%	15,700.00	160,700.00	160,700.00	176,400.00
08/01/2036	-	-	12,800.00	12,800.00	12,800.00	-
02/01/2037	150,000.00	4.000%	12,800.00	162,800.00	162,800.00	175,600.00
08/01/2037	-	-	9,800.00	9,800.00	9,800.00	-
02/01/2038	155,000.00	4.000%	9,800.00	164,800.00	164,800.00	174,600.00
08/01/2038	-	-	6,700.00	6,700.00	6,700.00	-
02/01/2039	165,000.00	4.000%	6,700.00	171,700.00	171,700.00	178,400.00
08/01/2039	-	-	3,400.00	3,400.00	3,400.00	-
02/01/2040	170,000.00	4.000%	3,400.00	173,400.00	173,400.00	176,800.00
<b>Total</b>	<b>\$1,720,000.00</b>	<b>-</b>	<b>\$706,731.25</b>	<b>\$2,426,731.25</b>	<b>\$2,426,731.25</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$16,942.89
Average Life	9.851 Years
Average Coupon	4.1712559%
Net Interest Cost (NIC)	3.8356195%
True Interest Cost (TIC)	3.7730738%
All Inclusive Cost (AIC)	3.9510354%
Bond Yield for Arbitrage Purposes	3.3646341%

### IRS Form 8038

Net Interest Cost	3.6352976%
Weighted Average Maturity	9.747 Years

**RESULTS OF BOND SALE**

**Rush City Public School District No. 139**  
**Analysis of Possible Structure for Capital and Debt Levies**

**\$3,260,000 Bond Issue**  
**4 Tax Levies**  
**Wrapped Around Existing Debt**

Type of Bond	Principal Amount	Dated Date	Interest Rate
FM - Heath & Safety	\$3,260,000	11/14/24	3.28%

October 24, 2024

Levy Payable Year	Fiscal Year	Tax Capacity Value <sup>1</sup>		Existing Commitments					Existing Tax Rate	Proposed New Board Approved Bonds					Combined Totals			
		(\$000s)	% Chg	Building Bonds <sup>2</sup>	Est. Debt Excess <sup>3</sup>	LTFM Debt Aid	Net Levy	Tax Rate		Principal	Interest	Add'l. Debt Excess <sup>3</sup>	Add'l. LTFM Aid	Net Debt Levy	Initial De	State Aid	Net Levy	Tax Rate
2023	2024	9,165	31.1%	1,405,478	-	-	1,405,478	15.34	-	-	-	-	-	1,405,478	-	1,405,478	15.34	
2024	2025	10,374	13.2%	1,403,640	-	-	1,403,640	13.53	-	-	-	-	-	1,403,640	-	1,403,640	13.53	
2025	2026	10,374	0.0%	1,405,950	(196,231)	-	1,209,719	11.66	-	197,864	-	-	207,757	1,417,476	-	1,417,476	13.66	
2026	2027	10,374	0.0%	-	-	-	-	-	1,240,000	163,000	(56,699)	-	1,416,451	1,416,451	-	1,416,451	13.65	
2027	2028	10,374	0.0%	-	-	-	-	-	1,305,000	101,000	(56,658)	-	1,419,642	1,419,642	-	1,419,642	13.68	
2028	2029	10,374	0.0%	-	-	-	-	-	715,000	35,750	(56,786)	-	731,502	731,502	-	731,502	7.05	
2029	2030	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2030	2031	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2031	2032	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2032	2033	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2033	2034	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2034	2035	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2035	2036	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2036	2037	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2037	2038	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2038	2039	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2039	2040	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2040	2041	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2041	2042	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2042	2043	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2043	2044	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2044	2045	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2045	2046	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2046	2047	10,374	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Totals</b>				4,215,068	(196,231)	-	4,018,837		3,260,000	497,614	(170,143)	-	3,775,352	7,794,189	-	7,794,189		

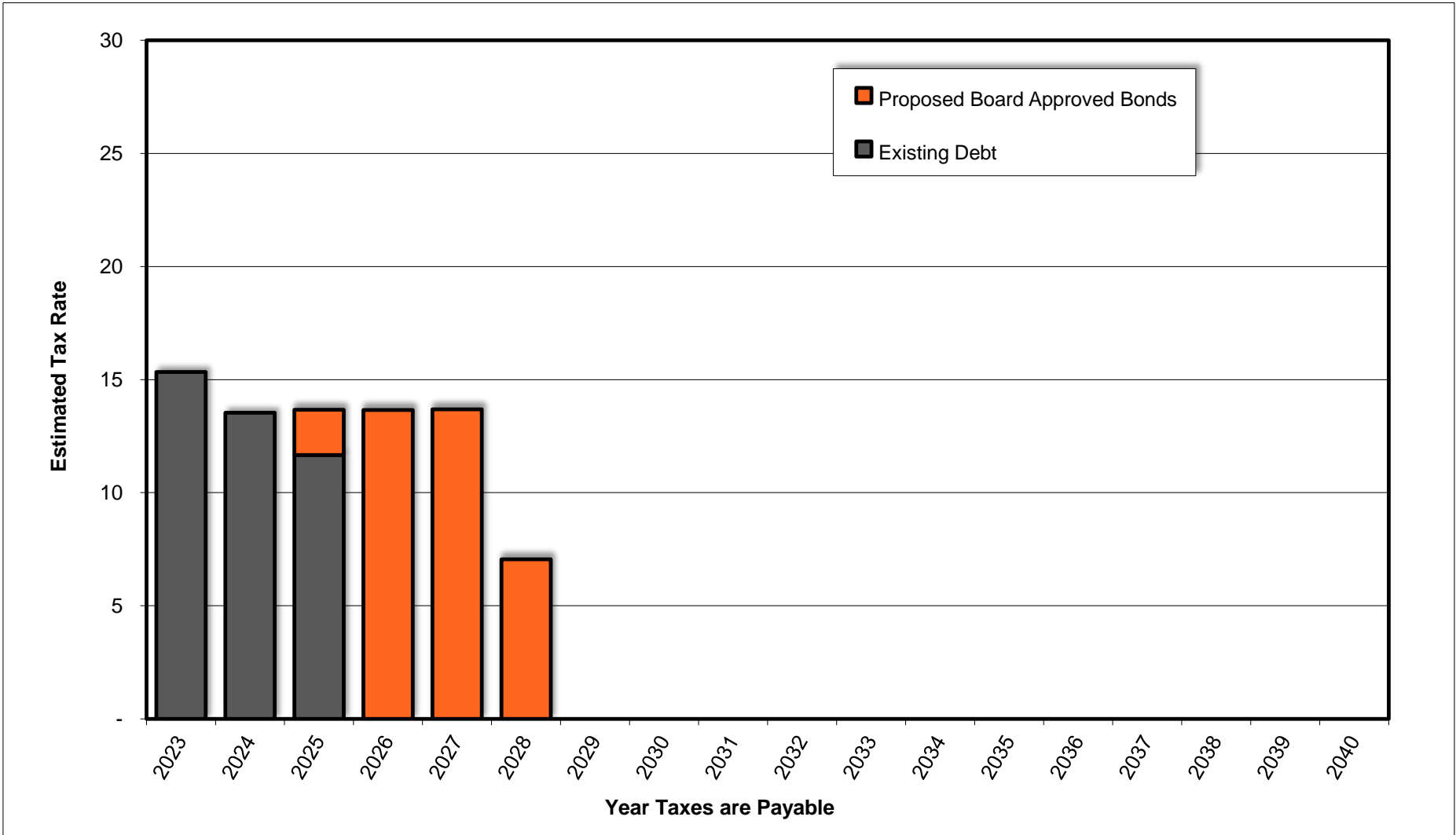
1 Tax capacity value for taxes payable in 2023 and 2024 are the actual values. Estimates for future years are based on the percentage changes as shown above.  
2 Initial debt service levies (prior to subtracting debt equalization aid) are set at 105 percent of the principal and interest payments during the next fiscal year.  
3 Debt excess adjustment for taxes payable in 2023 and 2024 are the actual amounts. The adjustment for 2025 is an estimate based on the June 30, 2023 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

**Rush City Public School District No. 139**  
**Estimated Tax Rates for Capital and Debt Service Levies**  
**Existing Commitments and Proposed New Debt**

**\$3,260,000 Bond Issue**  
**4 Tax Levies**  
**Wrapped Around Existing Debt**



Date Prepared: October 24, 2024



**RESULTS OF BOND SALE**

**Rush City Public School District No. 139**  
**Estimates of LTFM Revenue and Bond Payments**

**\$1,720,000 Fac. Maint. Bond Issue**  
**15 Years; Payments Limited to**  
**52% of LTFM Revenue**

Principal Amount:	Proposed Bond Issue \$1,720,000
Dated Date:	11/14/2024
True Interest Cost:	3.77%

October 24, 2024

Levy Pay Year	Fiscal Year	Adjusted Pupil Units	Building Age	Revenue/Pupil	Est. Total LTFM Revenue	LTFM Aid	Tax Levy	Existing Bonds			Gen. Fund Revenue Remaining	Potential New Bonds				Total Debt Service	Gen. Fund Revenue Remaining
								Initial Levy <sup>1</sup>	Est. Debt Excess <sup>2</sup>	Net Revenue		Principal	Interest	Est. Debt Excess <sup>2</sup>	Total Debt Service <sup>1</sup>		
2023	2024	960.80	33.96	368.71	354,255	143,273	210,982	141,750	-	141,750	212,505	-	-	-	-	141,750	212,505
2024	2025	960.60	34.96	379.57	364,611	148,597	216,014	143,220	-	143,220	221,391	-	-	-	-	143,220	221,391
2025	2026	891.40	35.96	380.00	338,732	125,989	212,743	139,283	(5,729)	133,554	205,178	-	90,131	(23,552)	71,086	204,640	134,092
2026	2027	891.40	36.96	380.00	338,732	118,366	220,366	140,595	(5,571)	135,024	203,708	-	74,250	(2,843)	75,119	210,143	128,589
2027	2028	891.40	37.96	380.00	338,732	114,368	224,364	-	-	-	338,732	95,000	74,250	(3,005)	174,708	174,708	164,024
2028	2029	891.40	38.96	380.00	338,732	107,471	231,261	-	-	-	338,732	105,000	69,500	(6,988)	176,237	176,237	162,495
2029	2030	891.40	39.96	380.00	338,732	107,471	231,261	-	-	-	338,732	110,000	64,250	(7,049)	175,913	175,913	162,819
2030	2031	891.40	40.96	380.00	338,732	107,471	231,261	-	-	-	338,732	115,000	58,750	(7,037)	175,401	175,401	163,331
2031	2032	891.40	41.96	380.00	338,732	107,471	231,261	-	-	-	338,732	120,000	53,000	(7,016)	174,634	174,634	164,098
2032	2033	891.40	42.96	380.00	338,732	107,471	231,261	-	-	-	338,732	125,000	47,000	(6,985)	173,615	173,615	165,117
2033	2034	891.40	43.96	380.00	338,732	107,471	231,261	-	-	-	338,732	130,000	42,000	(6,945)	173,655	173,655	165,077
2034	2035	891.40	44.96	380.00	338,732	107,471	231,261	-	-	-	338,732	135,000	36,800	(6,946)	173,444	173,444	165,288
2035	2036	891.40	45.96	380.00	338,732	107,471	231,261	-	-	-	338,732	145,000	31,400	(6,938)	178,282	178,282	160,450
2036	2037	891.40	46.96	380.00	338,732	107,471	231,261	-	-	-	338,732	150,000	25,600	(7,131)	177,249	177,249	161,483
2037	2038	891.40	47.96	380.00	338,732	107,471	231,261	-	-	-	338,732	155,000	19,600	(7,090)	176,240	176,240	162,492
2038	2039	891.40	48.96	380.00	338,732	107,471	231,261	-	-	-	338,732	165,000	13,400	(7,050)	180,270	180,270	158,462
2039	2040	891.40	49.96	380.00	338,732	107,471	231,261	-	-	-	338,732	170,000	6,800	(7,211)	178,429	178,429	160,303
2040	2041	891.40	50.96	380.00	338,732	107,471	231,261	-	-	-	338,732	-	-	-	-	0	338,732
2041	2042	891.40	51.96	380.00	338,732	107,471	231,261	-	-	-	338,732	-	-	-	-	0	338,732
2042	2043	891.40	52.96	380.00	338,732	107,471	231,261	-	-	-	338,732	-	-	-	-	0	338,732
2043	2044	891.40	53.96	380.00	338,732	107,471	231,261	-	-	-	338,732	-	-	-	-	0	338,732
2044	2045	891.40	54.96	380.00	338,732	107,471	231,261	-	-	-	338,732	-	-	-	-	0	338,732
2045	2046	891.40	55.96	380.00	338,732	107,471	231,261	-	-	-	338,732	-	-	-	-	0	338,732
2046	2047	891.40	56.96	380.00	338,732	107,471	231,261	-	-	-	338,732	-	-	-	-	0	338,732
<b>Totals</b>					<b>8,170,970</b>	<b>2,692,548</b>	<b>5,478,422</b>	<b>564,848</b>	<b>(11,300)</b>	<b>553,547</b>		<b>1,720,000</b>	<b>706,731</b>	<b>(113,786)</b>	<b>2,434,282</b>	<b>2,987,829</b>	<b>5,183,141</b>

1 Debt service levies are set at 105 percent of the principal and interest payments during the next fiscal year.  
2 Debt excess adjustment is estimated at 4% of the prior year's initial debt service levy.



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**Summary:**

## Rush City Independent School District No. 139, Minnesota; School State Program

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## Summary:

# Rush City Independent School District No. 139, Minnesota; School State Program

### Credit Profile

US\$4.98 mil GO fac maintenance bnds ser 2024A due 02/01/2040		
<i>Long Term Rating</i>	AAA/Stable	New
<i>Underlying Rating for Credit Program</i>	A+/Stable	New
Rush City Indpt Sch Dist #139 GO		
<i>Long Term Rating</i>	AAA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Rush City Indpt Sch Dist #139 GO facilities maintenance bnds		
<i>Long Term Rating</i>	AAA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed

### Credit Highlights

- S&P Global Ratings assigned its 'AAA' long-term enhanced rating and 'A+' underlying rating to Rush City Independent School District No. 139, Minn.'s roughly \$4.98 million series 2024A general obligation (GO) facilities-maintenance bonds based on the application of its criteria, "Methodology For Rating U.S. Governments," published Sept. 9, 2024, on RatingsDirect.
- At the same time, S&P Global Ratings affirmed its 'A+' underlying rating on the district's existing GO debt.
- The outlook is stable.

### Security

The district's full-faith-and-credit pledge and ability to levy unlimited ad valorem property taxes secure the bonds.

The district will use series 2024A bond proceeds to fund health-and-safety-related capital improvements, including indoor-air-quality projects.

### Credit overview

The district's consistent positive operating results, healthy reserves, and favorable debt support the underlying rating. We view the district's somewhat limited economy as a constraining rating factor.

The district is mainly in Chisago County, about 59 miles north of the Minneapolis-St. Paul area, where it serves as a bedroom community. Access to the Twin Cities has supported population growth recently, but enrollment has remained relatively steady. Enrollment trends have a direct effect on the district: State aid accounted for 71% of fiscal 2023 operating revenue.

Total federal COVID-19 aid of \$1.1 million boosted finances, which the district spent on materials, technology, and staffing costs from fiscal years 2021-2024. Management expects to post a modest \$231,000 surplus, or 1.6% of

revenue, in fiscal 2024 due primarily to increased state aid. It budgets for a modest \$210,000 deficit, or 1.4% of revenue, in fiscal 2025. Management does not currently expect any budgetary challenges due to salary increases or enrollment fluctuations, so we expect the district will likely maintain finances.

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

- Gross county per capita product and per capita personal income metrics lower than the nation with income, in our view, possibly suppressed by the state prison population of 959 in 2024--However, we note the district has experienced healthy market value growth due to some new residential development and appreciation of existing property;
- Positive operating results with estimated results showing a continuation of recent-year general fund surpluses--The board approved an extension of its operating referendum, expected to generate about \$864,500 in fiscal 2025, for seven more years, which will likely continue to support breakeven-to-positive results through, at least, the next few fiscal years;
- Robust reserves we expect will likely remain more than the 15% of general fund expenditures minimum set by the reserve policy due to continued surpluses and plans to only use about \$300,000 of assigned fund balance but no plans to otherwise draw down reserves significantly;
- Management framework with conservative budgeting practices, supporting balanced-to-surplus results, coupled with a limited annually updated 10-year facilities-maintenance plan and in-house, five-year operating forecast--The district maintains formal investment- and reserve-management policies, but it lacks a debt-management policy;
- Manageable debt we expect will likely remain so due to a lack of additional debt plans--The district has a higher current cost of debt and liabilities compared with similar-rated peers, somewhat offset by rapid amortization; the district has a privately placed lease-purchase agreement we do not consider a contingent liability due to the outstanding liability of about \$619,000 as of fiscal 2023 relative to its liquidity position; and
- Pension and other postemployment benefit costs we expect will likely remain affordable during the next few years with potential longer-term cost pressure associated with elevated plan discount rates and insufficient minimum-funding progress.
- For more information on our institutional framework assessment for Minnesota school districts, see "Institutional Framework Assessment: Minnesota Local Governments," published Sept. 10, 2024.

### **Environmental, social, and governance**

The district's environmental, social, and governance (ESG) factors are neutral in our credit analysis.

### **Outlook**

The stable outlook reflects S&P Global Ratings' expectation that the district's conservative budgeting will likely continue to support, at least, breakeven results, allowing the district to maintain available reserves in-line with its policy level.

### **Downside scenario**

We could lower the rating if finances were to weaken, resulting in materially lower reserves.

## Upside scenario

With all other credit factors remaining equal or improved, we could raise the rating if economic metrics were to improve to levels we consider aligned with higher-rated peers.

## Minnesota School District Credit Enhancement program

The long-term enhanced rating reflects the security provided by the district's participation in the Minnesota State Standing Appropriation program, a standing appropriation program authorized by state statute. Under the program, the state will pay debt service from its general fund if the district fails to pay. We see no unusual political, timing, or administrative risk related to the debt payment. The credit-enhancement program rating reflects that of Minnesota and moves in tandem with the state GO rating and outlook.

(For more on Minnesota's credit profile, see our analysis, published Sept. 13, 2024.)

**Table 1**

Rush City Independent School District No. 139, Minnesota--credit overview	
Institutional framework	2
Individual credit profile	2.43
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Financial performance	2
Reserves and liquidity	1
Debt and liabilities	2.00
Management	2.65

**Table 2**

Rush City Independent School District No. 139, Minnesota--key credit metrics				
	Most recent	2023	2022	2021
<b>Economy</b>				
Gross county product per capita as a % of U.S.	44.0	--	44.0	45.0
County per capita personal income as a % of U.S.	90.0	--	90.0	90.0
Market value (\$000s)	1,115,251	1,012,997	861,377	715,666
Market value per capita (\$)	161,677	146,854	126,580	107,377
Top 10 taxpayers as a % of taxable value	5.9	--	--	--
County unemployment rate (%)	3.5	3.3	2.9	4.1
Local median household effective buying income as a % of U.S.	103.0	103.0	106.0	104.0
Local per capita effective buying income as a % of U.S.	81.0	81.0	82.0	82.0
Local population	6,898	6,898	6,805	6,665
<b>Financial performance</b>				
Operating fund revenue (\$000s)	--	12,724	11,997	11,193
Operating fund expenditures (\$000s)	--	12,878	10,902	9,864
Net transfers and other adjustments (\$000s)	--	211	587	--
Operating result (\$000s)	--	57	1,682	1,329
Operating result as a % of revenue	--	0.4	14.0	11.9
Operating result three-year average (%)	--	8.8	10.4	6.0
Enrollment	--	881	865	858



**Table 2**

<b>Rush City Independent School District No. 139, Minnesota--key credit metrics (cont.)</b>				
	<b>Most recent</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Reserves and liquidity</b>				
Available reserves as a % of operating revenue	--	27.6	32.2	26.1
Available reserves (\$000s)	--	3,507	3,866	2,919
<b>Debt and liabilities</b>				
Debt service cost as a % of revenue	11.5	11.5	11.6	12.2
Net direct debt per capita (\$)	1,225	745	953	1,163
Net direct debt (\$000s)	8,452	5,137	6,483	7,753
Direct debt 10-year amortization (%)	88.0	--	--	--
Pension and other postemployment benefit cost as a % of revenue	4.0	4.0	4.0	4.0
Net pension liabilities per capita (\$)	1,061	1,061	1,138	587
Combined net pension liabilities (\$000s)	7,318	7,318	7,745	3,910

## Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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