January 24, 2022

SALE DAY REPORT FOR:

Independent School District No. 659 (Northfield Public Schools), Minnesota

$3,120,000 General Obligation Facilities Maintenance Bonds, Series 2022A

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

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BUILDING COMMUNITIES. IT'S WHAT WE DO.

Competitive Sale Results

PURPOSE:	To finance deferred maintenance projects; including the replacement of the Middle School roof, included in the District's ten-year facilities maintenance plan approved by the Commissioner of Education.
RATING:	**MN Credit Enhancement Rating:** S&P Global Ratings "AAA" **Underlying Rating:** S&P Global Ratings "AA+"
NUMBER OF BIDS:	6
LOW BIDDER:	FHN Financial Capital Markets, Memphis, Tennessee

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

LOW BID:	1.9538%
HIGH BID:	2.1564%
INTEREST DIFFERENCE:	$104,990

Summary of Sale Results:	
Principal Amount:	$3,120,000
Underwriter's Discount:	$25,177
Reoffering Premium:	$130,547
True Interest Cost:	1.9538%
Costs of Issuance:	$55,361
Yield:	1.30%-2.20%
Total Net P&I:	$4,051,507

NOTES:	The True Interest Cost of 1.95% is lower than the 2.17% estimate used for the Pre-Sale Report dated January 4. The additional premium and favorable interest rates allowed the district to borrow the full amount authorized and will provide the district with approximately $66,000 more for project costs, while total debt payments over the term of the bonds will be approximately $23,000 less than estimated.
CLOSING DATE:	February 17, 2022

SCHOOL BOARD ACTION:	Adopt the Resolution Awarding the Sale of $3,120,000 General Obligation Facilities Maintenance Bonds, Series 2022A.

SUPPLEMENTARY ATTACHMENTS

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

BID TABULATION

$3,120,000 General Obligation Facilities Maintenance Bonds, Series 2022A

Independent School District No. 659 (Northfield Public Schools), Minnesota

SALE: January 24, 2022

AWARD: FHN FINANCIAL CAPITAL MARKETS

MN Credit Enhancement Rating: S&P Global Ratings "AAA"
Underlying Rating: S&P Global Ratings "AA+"

Tax Exempt - Bank Qualified

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
FHN FINANCIAL CAPITAL MARKETS				$3,225,369.96	$826,136.87	1.9538%
Memphis, Tennessee	2028	4.000%	1.300%			
	2029	4.000%	1.350%			
	2030	4.000%	1.400%			
	2031[1]	2.000%	1.500%			
	2032[1]	2.000%	1.500%			
	2033[2]	2.000%	1.600%			
	2034[2]	2.000%	1.600%			
	2035[3]	2.000%	1.800%			
	2036[3]	2.000%	1.800%			
	2037[4]	2.000%	1.900%			
	2038[4]	2.000%	1.900%			
	2039[5]	2.050%	2.050%			
	2040[5]	2.050%	2.050%			
	2041[6]	2.200%	2.200%			
	2042[6]	2.200%	2.200%			

[1] $385,000 Term Bond due 2032 with mandatory redemption in 2031.
[2] $405,000 Term Bond due 2034 with mandatory redemption in 2033.
[3] $425,000 Term Bond due 2036 with mandatory redemption in 2035.
[4] $435,000 Term Bond due 2038 with mandatory redemption in 2037.
[5] $455,000 Term Bond due 2040 with mandatory redemption in 2039.
[6] $475,000 Term Bond due 2042 with mandatory redemption in 2041.

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
BOK FINANCIAL SECURITIES, INC. Milwaukee, Wisconsin				$3,210,787.50	$831,962.61	1.9738%
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota				$3,191,069.90	$843,963.43	2.0104%

PIPER SANDLER & CO. Minneapolis, Minnesota	$3,170,850.65	$855,562.91	2.0363%
BAIRD Milwaukee, Wisconsin	$3,195,084.15	$857,072.24	2.0383%
RAYMOND JAMES & ASSOCIATES, INC. Memphis, Tennessee	$3,341,201.55	$931,127.34	2.1564%

Northfield Public School District, ISD No. 659

Sources and Uses of Funds for LTFM Bond Issue
January 24, 2022

Bond Amount	**$3,120,000**
Project Cost Estimate	**$3,000,000**
Dated Date of Bonds	**February 17, 2022**
Sources of Funds	
Par Amount	$3,120,000
Net Bond Premium	130,547
Total Sources	$3,250,547
Uses of Funds	
Discount	$25,177
Legal and Fiscal Costs *	55,361
Net Available for Project Costs	**3,170,009**
Total Uses	$3,250,547

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

Northfield School District, MN (I.S.D #659)

$3,120,000 General Obligation Facilities Maintenance Bonds, Series 2022A
Dated: February 17, 2022

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/17/2022	-	-	-	-	-
08/01/2022	-	-	33,883.08	33,883.08	-
02/01/2023	-	-	37,188.75	37,188.75	71,071.83
08/01/2023	-	-	37,188.75	37,188.75	-
02/01/2024	-	-	37,188.75	37,188.75	74,377.50
08/01/2024	-	-	37,188.75	37,188.75	-
02/01/2025	-	-	37,188.75	37,188.75	74,377.50
08/01/2025	-	-	37,188.75	37,188.75	-
02/01/2026	-	-	37,188.75	37,188.75	74,377.50
08/01/2026	-	-	37,188.75	37,188.75	-
02/01/2027	-	-	37,188.75	37,188.75	74,377.50
08/01/2027	-	-	37,188.75	37,188.75	-
02/01/2028	175,000.00	4.000%	37,188.75	212,188.75	249,377.50
08/01/2028	-	-	33,688.75	33,688.75	-
02/01/2029	180,000.00	4.000%	33,688.75	213,688.75	247,377.50
08/01/2029	-	-	30,088.75	30,088.75	-
02/01/2030	185,000.00	4.000%	30,088.75	215,088.75	245,177.50
08/01/2030	-	-	26,388.75	26,388.75	-
02/01/2031	190,000.00	2.000%	26,388.75	216,388.75	242,777.50
08/01/2031	-	-	24,488.75	24,488.75	-
02/01/2032	195,000.00	2.000%	24,488.75	219,488.75	243,977.50
08/01/2032	-	-	22,538.75	22,538.75	-
02/01/2033	200,000.00	2.000%	22,538.75	222,538.75	245,077.50
08/01/2033	-	-	20,538.75	20,538.75	-
02/01/2034	205,000.00	2.000%	20,538.75	225,538.75	246,077.50
08/01/2034	-	-	18,488.75	18,488.75	-
02/01/2035	210,000.00	2.000%	18,488.75	228,488.75	246,977.50
08/01/2035	-	-	16,388.75	16,388.75	-
02/01/2036	215,000.00	2.000%	16,388.75	231,388.75	247,777.50
08/01/2036	-	-	14,238.75	14,238.75	-
02/01/2037	215,000.00	2.000%	14,238.75	229,238.75	243,477.50
08/01/2037	-	-	12,088.75	12,088.75	-
02/01/2038	220,000.00	2.000%	12,088.75	232,088.75	244,177.50
08/01/2038	-	-	9,888.75	9,888.75	-
02/01/2039	225,000.00	2.050%	9,888.75	234,888.75	244,777.50
08/01/2039	-	-	7,582.50	7,582.50	-
02/01/2040	230,000.00	2.050%	7,582.50	237,582.50	245,165.00
08/01/2040	-	-	5,225.00	5,225.00	-
02/01/2041	235,000.00	2.200%	5,225.00	240,225.00	245,450.00
08/01/2041	-	-	2,640.00	2,640.00	-
02/01/2042	240,000.00	2.200%	2,640.00	242,640.00	245,280.00
Total	**$3,120,000.00**	**-**	**$931,506.83**	**$4,051,506.83**	**-**

Yield Statistics

Bond Year Dollars	$41,686.33
Average Life	13.361 Years
Average Coupon	2.2345617%
Net Interest Cost (NIC)	1.9817931%
True Interest Cost (TIC)	1.9538693%
Bond Yield for Arbitrage Purposes	1.8800976%
All Inclusive Cost (AIC)	2.1065719%

IRS Form 8038

Net Interest Cost	1.8730760%
Weighted Average Maturity	13.155 Years

RESULTS OF BOND SALE

Northfield Public School District, ISD No.659

LTFM Revenue and Bond Payments

$3,120,000 Fac. Maint. Bond Issue
20 Years; Payments Limited to
16% of LTFM Revenue

	Bond Issue
Principal Amount:	$3,120,000
Dated Date:	2/17/2022
Average Interest Rate:	1.95%

January 24, 2022

Levy Pay Year	Fiscal Year	Adjusted Pupil Units	Building Age	Revenue/ Pupil	Est. Total LTFM Revenue	LTFM Aid	Tax Levy	Existing Bond Initial Levy [1]	Existing Bond Net Revenue	Gen. Fund Revenue Remaining	Potential New Bonds Principal	Potential New Bonds Interest	Potential New Bonds Total Debt Service [1]	Total Debt Service	Gen. Fund Revenue Remaining
2021	2022	4,324	38.64	380.00	1,643,044	573,485	1,069,559	162,960	162,960	1,480,084	-	-	-	162,960	1,480,084
2022	2023	4,164	39.96	380.00	1,582,168	555,472	1,026,696	164,115	164,115	1,418,053	-	71,072	74,625 [2]	238,740	1,343,428
2023	2024	4,164	40.96	380.00	1,582,168	480,075	1,102,093	165,113	165,113	1,417,056	-	74,378	78,096	243,209	1,338,959
2024	2025	4,164	41.96	380.00	1,582,168	477,632	1,104,536	160,703	160,703	1,421,466	-	74,378	78,096	238,799	1,343,369
2025	2026	4,164	42.96	380.00	1,582,168	429,484	1,152,684	161,543	161,543	1,420,626	-	74,378	78,096	239,639	1,342,529
2026	2027	4,164	43.96	380.00	1,582,168	435,162	1,147,006	162,225	162,225	1,419,943	-	74,378	78,096	240,321	1,341,847
2027	2028	4,164	44.96	380.00	1,582,168	440,812	1,141,356	-	-	1,582,168	175,000	74,378	261,846	261,846	1,320,322
2028	2029	4,164	45.96	380.00	1,582,168	457,679	1,124,489	-	-	1,582,168	180,000	67,378	259,746	259,746	1,322,422
2029	2030	4,164	46.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	185,000	60,178	257,436	257,436	1,324,732
2030	2031	4,164	47.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	190,000	52,778	254,916	254,916	1,327,252
2031	2032	4,164	48.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	195,000	48,978	256,176	256,176	1,325,992
2032	2033	4,164	49.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	200,000	45,078	257,331	257,331	1,324,837
2033	2034	4,164	50.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	205,000	41,078	258,381	258,381	1,323,787
2034	2035	4,164	51.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	210,000	36,978	259,326	259,326	1,322,842
2035	2036	4,164	52.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	215,000	32,778	260,166	260,166	1,322,002
2036	2037	4,164	53.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	215,000	28,478	255,651	255,651	1,326,517
2037	2038	4,164	54.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	220,000	24,178	256,386	256,386	1,325,782
2038	2039	4,164	55.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	225,000	19,778	257,016	257,016	1,325,152
2039	2040	4,164	56.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	230,000	15,165	257,423	257,423	1,324,745
2040	2041	4,164	57.96	380.00	1,582,168	474,297	1,107,871	-	-	1,582,168	235,000	10,450	257,723	257,723	1,324,446
2041	2042	4,164	58.96	380.00	1,582,168	474,297	1,107,871		-	1,582,168	240,000	5,280	257,544	257,544	1,324,624
2042	2043	4,164	59.96	380.00	1,582,168	474,297	1,107,871		-	1,582,168	-	-	-	0	1,582,168
2043	2044	4,164	60.96	380.00	1,582,168	474,297	1,107,871		-	1,582,168	-	-	-	0	1,582,168
2044	2045	4,164	61.96	380.00	1,582,168	474,297	1,107,871		-	1,582,168	-	-	-	0	1,582,168
Totals					38,032,908	11,438,557	26,594,351	976,658	976,658		3,120,000	931,507	4,254,082	5,230,740	32,802,168

1 Debt service levies are set at 105 percent of the principal and interest payments during the next fiscal year.
2 Due to the timing of the levy process, the district will need to make a transfer from the long term facilities maintenance revenue in the General Fund for the payment due during fiscal year 2022-23

EHLERS PUBLIC FINANCE ADVISORS

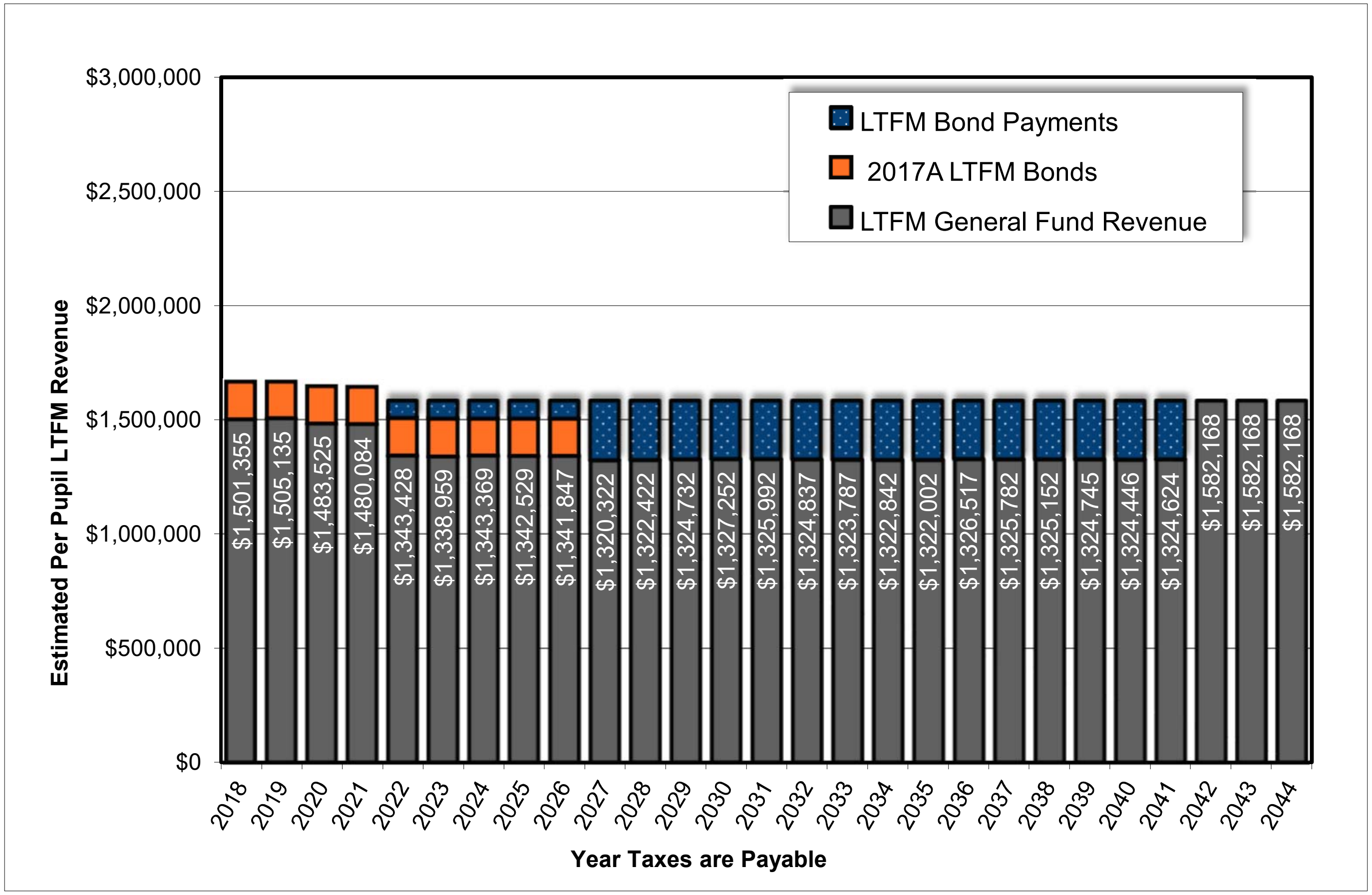
Debt Plan 22a Northfield 20 year DM Results

RESULTS OF BOND SALE

Northfield Public School District, ISD No.659
Estimated $380 Per Pupil Long-Term Facilities Maintenance Revenue
LTFM Revenue and Bond Payments

$3,120,000 Fac. Maint. Bond Issue
20 Years; Payments Limited to
16% of LTFM Revenue

Date Prepared: January 24, 2022



Debt Plan 22a Northfield 20 year DM Results

S&P Global
Ratings

RatingsDirect®

Summary:

Northfield Independent School District No. 659, Minnesota; School State Program

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Summary:

Northfield Independent School District No. 659, Minnesota; School State Program

Credit Profile		
US$3.12 mil GO facs maintenance bnds (MN Sch Dist Credit Enhancement Prog) ser 2022A dtd 02/17/2022 due 02/01/2042		
Long Term Rating	AAA/Stable	New
Underlying Rating for Credit Program	AA+/Stable	New
Northfield Indpt Sch Dist #659 GO sch bldg bnds		
Long Term Rating	AAA/Stable	Current
Underlying Rating for Credit Program	AA+/Stable	Affirmed
Northfield Indpt Sch Dist #659 GO State Credit Enhancement		
Long Term Rating	AAA/Stable	Current
Underlying Rating for Credit Program	AA+/Stable	Affirmed

Rating Action

S&P Global Ratings assigned its 'AAA' long-term rating and 'AA+' underlying rating for credit program and stable outlook to Northfield Independent School District No. 659, Minn.'s roughly $3.12 million series 2022A general obligation (GO) facilities maintenance bonds and affirmed its 'AA+' underlying rating, with a stable outlook, on the district's existing GO debt.

The district's full-faith-credit-and-taxing-power pledge to levy ad valorem property taxes, without limitation as to rate or amount, secures the bonds.

Officials intend to use series 2022A bond proceeds to finance the replacement of the middle-school roof.

The long-term rating reflects our opinion of the additional security provided by the district's eligibility for, and participation in, the Minnesota State Standing Appropriation program, a state standing-appropriation program to prevent a default on the district's bond issues, as authorized by Minnesota State Statutes, Section 126C.55. Under the program, the state will pay debt service on behalf of the district from the state's general fund if the district fails to meet its debt-service obligations for the qualified debt. Payments from the state represent a standing appropriation from Minnesota's general fund. We view this standing-appropriation pledge as equivalent to a general-fund pledge because the standing appropriation does not require budget adoption or any action of the Minnesota Legislature to make payments. Furthermore, the standing appropriation is not subject to executive unallotment authority. In addition, the credit-enhancement program supports projects central to Minnesota's operations and purpose. In our opinion, there is no unusual political, timing, or administrative risk related to debt payments. The credit-enhancement program rating reflects that of Minnesota and moves in tandem with the state GO rating and outlook. (For further information, see the article titled, "Minnesota School District, Minnesota Credit Enhancement Programs Outlook Revised To Stable After GO Outlook Revised," published Aug. 26, 2021, on RatingsDirect.)

Credit overview

While historically maintaining stable operations, even with decreasing enrollment, the district currently faces a budgetary imbalance as management works to close the impending budget gap. After posting a surplus in fiscal 2020, as a direct result of a COVID-19 uncertainty budget freeze, fiscal 2021 followed with a slight deficit, which management was expecting, due to the district's reliance on enrollment-based state aid revenue. However, the current fiscal 2022 budget calls for a much bigger deficit; management notes budgetary performance is tracking closely with the budget. We are likely to see available reserves decrease to roughly 23%, assigned and unassigned, come fiscal year-end 2022. While reserves are not out of line with our historical view of the district's finances, we expect further reductions if management cannot restructure the budget to adjust for continuing enrollment decreases.

In the coming months, management will begin its priority-based budget process, a more extensive look at the budget, including input from the board, staff, and community members. The expectation is for a deep look into each detail of the budget to expose unnecessary costs, determining long-term strategic goals, and how to manage them due to the current revenue environment. Management expects the resulting five-year plan to balance the budget while keeping reserves in-line with the target of 16% in unassigned reserves. In addition, the federal government allocated roughly $6.5 million: The district has yet to spend $4.4 million. Management has earmarked a portion of unspent money for certain purposes in fiscal 2022, including staff support and learning recovery, with the remainder of roughly $1.5 million set aside for budget stabilization. Due to extensive planning in place for the next several fiscal years, we posit management will likely realize cuts and resume balanced operations. However, if the size of cuts is not sufficient to counter stagnant revenue, leading to continued draws on reserves after deficit operations, we could lower the rating.

Other credit factors include our view of the district's:

- Decreasing enrollment, leading to budgetary imbalance, due to a reliance on per-pupil state aid, which accounts for the largest portion of general revenue;
- Pressured finances with costs outweighing revenue--However, management only expects a slight fund-balance decrease for the fiscal 2022 budget year; it will determine the fiscal 2023 budget based on the results of a large districtwide, zero-based budgeting that should reveal several million dollars in cost savings;
- Steadily growing property tax base in southern Minnesota in a city highlighted by higher education, characterized by good-to-strong income but extremely strong per capita market value; and
- Good financial management under our Financial Management Assessment (FMA) methodology, indicating that financial practices exist in most areas but that governance officials might not formalize or regularly monitor all of them, with sound budgeting and long-term financial plans.

Environmental, social, and governance

We have analyzed environmental, social, and governance (ESG) factors with regard to the district's economy, financial profile, management, and debt metrics and have concluded all are in-line with sector peers.

Stable Outlook

Downside scenario

We could lower the rating if the district cannot realize significant expenditure cuts in upcoming budget years, leading to continued outpacing of costs compared with revenue, because enrollment decreases should continue, or if deficit spending were to continue, leading to reserves we no longer consider comparable at the rating level.

Upside scenario

We could raise the rating if finances were to improve significantly, showing consistent stable-to-surplus operations, leading to sustained reserves we consider comparable with higher-rated peers, or if economic metrics were to improve, specifically income, coupled with strengthening debt.

Credit Opinion

Recent deficit spending with additional draws expected due to decreasing enrollment, high reliance on state aid

While still maintaining, what we consider, very strong reserves at fiscal year-end 2021, management posted a small deficit; it has another, more-sizable deficit planned for fiscal 2022, estimated at roughly $2.5 million, or 4.2% of operating expenditures. Long-term decreasing enrollment supports the deficit; this is meaningful because the state's basic general-education-revenue funding formula, determined by pupil count, is the primary operating revenue source for Minnesota school districts. Therefore, enrollment increases or decreases can lead to corresponding revenue increases or decreases. In fiscal 2021, state aid accounted for approximately 69% of district revenue, followed by property taxes at 25%.

Because this has been ongoing for several years, management has been working on a plan to address enrollment decreases in future budget years to return to balanced operations. In spring 2022, officials will begin a priority-based budget process during which district and community-based committees will work through each line item in the budget to determine minimum needs while rethinking programming and aligning costs with projected revenue. Within this process, management expects approximately $4 million in potential budget cuts for fiscal 2023. It expects additional cost savings from planned retirements. As management completes this process for upcoming budget years, it plans to use roughly $1.5 million in unspent Elementary & Secondary School Emergency Relief funds for budget stabilization in the interim.

The long-term financial plan, prior to the new budget's completion, shows expenditures outpacing revenue for several fiscal years. While we understand management's awareness of the unstable financial situation, and we imagine it is making certain necessary adjustments to return the budget back to balance, we expect continued interim pressure if expenditure cuts are not substantial enough to balance the budget. If management cannot realize cost savings large enough to offset decreasing enrollment-based revenue, leading to lower reserves, we could lower the rating.

A stable local economy, centered on private higher-education institutions, with ongoing residential development

The nearly 200-square-mile district is approximately 35 miles south of the Minneapolis-St. Paul metropolitan area in southeastern Minnesota. The $3.5 billion tax base has experienced steady growth with the appreciation of existing homes and some new residential development; the tax base has grown by an average of 4.7% between 2017 and 2021.

While residences make up the largest portion of net tax capacity at 56%, the remainder of valuations are diversified with commercial and industrial properties accounting for 17% and agricultural properties at 14%.

The city of Northfield is best known as the home of Carleton and St. Olaf colleges, both of which we consider a stabilizing presence in the city; together, they serve more than 5,000 undergraduates and are among the leading employers. We think district income could be slightly understated due to a significant college student population. We understand attendance remains steady at both colleges, which are currently offering full in-person learning with heavy COVID-19 guidelines.

District enrollment has been steadily decreasing for several years. While there were some larger fluctuations due to COVID-19, overall enrollment has been decreasing for a while now; current student counts and expectations are still in-line with pre-COVID-19 projections. While the area has seen some growth, management notes a significant lack of housing is one of the primary factors for lower enrollment.

Good financial management with sound budgeting practices, some long-term financial planning

The district uses historical data and available outside sources of information when preparing budgetary forecasts. It also incorporates a budget-to-actual report in monthly financial reports to the school board, which also includes monthly cash balances. The district projects operating revenue and expenditures two years past the current budget year, and it usually updates the plan annually. Management also maintains a detailed long-term facilities-maintenance plan that projects capital needs during the next 10 years. It shares monthly investment reports with the board, in-line with the formal investment-management policy.

While the district lacks a debt-management policy, it follows statutory guidelines. It maintains a fund-balance policy, focusing on compliance with Governmental Accounting Standards Board Statement No. 54, and a reserve target of 16% unassigned reserves; as of fiscal year-end 2021, the district remained in-line with its target, ending with about 18% in unassigned reserves. Reserves could decrease below this target in fiscal 2022 with the prosed deficit. While the district lacks a debt-management policy, it follows statutory guidelines.

Moderate debt with average amortization

With the issuance of the series 2022A bonds, the district will have approximately $51.7 million of debt outstanding, including lease purchases and other capital leases. We note the district privately placed the 2019 lease-purchase bonds; however, we confirm this debt does not pose a liquidity risk. Management is in the early stages of determining additional capital needs; it will likely approach the electorate within the next couple of years to address needs, specifically high-school-facility needs. However, the timing and amount of any potential issuance is currently unknown. We view debt as manageable; we, however, recognize some debt metrics could weaken slightly, depending on how management layers new-money issuances into existing debt.

Minimal pension pressure, albeit with some potential for long-term cost acceleration

We do not think pension and other postemployment benefit (OPEB) liabilities represent a medium-term credit pressure because contributions are only a modest share of the budget; pension-plan actuarial assumptions and methods and plan-funding practices, however, introduce long-term cost-acceleration risk. We expect medium-term costs will likely remain only a small share of total spending and, therefore, not a significant budgetary pressure.

As of June 30, 2020, the district participates in:

- Minnesota Teachers' Retirement Assn. (MTRA), which was 76% funded, with a proportionate share of the plan's net pension liability at $27.6 million;
- Minnesota General Employees' Retirement Fund (MGERF), which was 79% funded, with a proportionate share of the plan's net pension liability at $7.5 million; and
- Northfield Independent School District No. 659's OPEB, as of the July 1, 2021, measurement date, totaling $14 million.

Plan-level contributions to MGERF exceeded our static-funding metric in the most recent year but MTRA contributions did not; both fell short of minimum-funding-progress metrics. Annual contributions reflect a statutory formula that has typically produced contributions less than the actuarially determined contribution; we think this increases the risk of underfunding over time if the state legislature does not offset future funding shortfalls with adjustments. The plans' 7.5% rate-of-return assumption exceeds our 6% guideline and introduces substantial market risk and potential contribution volatility; we also think the use of a lengthy 30-year amortization period, based on a level percent of payroll, significantly defers contributions, creating long-term cost-acceleration risk. Still, costs remain only a modest share of total spending and are unlikely to pressure medium-term operational health.

Northfield Independent School District No. 659, Minnesota Select Key Credit Metrics

	Characterization	Most recent	--Historical information--		
			2021	2020	2019
Economic indicators					
Population				29,423	29,158
Median household effective buying income (EBI) as a % of U.S.	Strong			116.0	125.0
Per capita EBI as a % of U.S.	Good			95.0	99.0
Market value ($000)			3,541,628	3,404,658	3,353,620
Market value per capita ($)	Extremely strong		120,369	115,714	115,015
Top 10 taxpayers as a % of taxable value	Very diverse		7.6	7.4	8.2
Financial indicators					
Total available reserves ($000)			15,373	16,705	14,898
Available reserves as a % of operating expenditures	Very strong		26.1	29.6	26.2
Total government cash as a % of governmental fund expenditures			43.8	50.4	103.2
Operating fund result as a % of expenditures			(0.7)	1.9	0.5
Financial Management Assessment	Good				
Enrollment		3,785	3,856	3,975	4,050
Debt and long-term liabilities					
Overall net debt as a % of market value	Low	2.5	2.5	2.8	2.5
Overall net debt per capita ($)	Moderate	2,869	3,008	3,248	2,913
Debt service as a % of governmental fund noncapital expenditures	Moderate		12.1	12.0	12.0
Direct debt 10-year amortization (%)	Average	51.0	56.0	57.0	57.0

Northfield Independent School District No. 659, Minnesota Select Key Credit Metrics (cont.)					
	Characterization	**Most recent**	**--Historical information--**		
			2021	**2020**	**2019**
Required pension contribution as a % of governmental fund expenditures			3.0	2.7	3.7
Other postemployment benefits actual contribution as a % of governmental fund expenditures				1.1	1.5
Minimum funding progress, largest pension plan (%)			85.3	70.1	72.5

Related Research

- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020