

**New Issue: D.C. Everest Area School District, WI**

**MOODY'S ASSIGNS AN A1 RATING TO D.C EVEREST AREA SCHOOL DISTRICT'S (WI) \$18.96 MILLION GENERAL OBLIGATION REFUNDING BONDS**

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**ASSIGNMENT OF THE A1 RATING AFFECTS \$51 MILLION OF OUTSTANDING PARITY DEBT, INCLUDING THE CURRENT ISSUE**

Primary & Secondary Education  
 WI

**Moody's Rating**

<b>ISSUE</b>	<b>RATING</b>
General Obligation Refunding Bonds	A1
<b>Sale Amount</b> \$18,955,000	
<b>Expected Sale Date</b> 04/25/05	
<b>Rating Description</b> General Obligation	

**Opinion**

NEW YORK, Apr 22, 2005 -- Moody's Investor's Service has assigned an A1 rating to D.C. Everest Area School District's (WI) \$18.96 million General Obligation Refunding Bonds. Concurrently, Moody's has affirmed the A1 rating assigned to the district's \$51 million of outstanding parity debt, including the current issue. The bonds, secured by the district's general obligation, unlimited tax pledge, will be used to refund its outstanding Bond Anticipation Notes (dated 4-2005), which were originally issued to finance the construction of a new elementary school building, equipment purchases, and capital improvements at various district facilities. The A1 rating reflects the district's sizeable and growing tax base, historically stable operations, average wealth levels, and an above average level of debt.

**CONTINUED LONG-TERM GROWTH IN TAXABLE VALUE DUE TO AVAILABILITY OF LAND AND PROXIMITY TO THE CITY OF WAUSAU**

Located 140 miles north of Madison (GO rated Aaa) along I-39 in Marathon County (GO rated Aa2), the district encompasses 162 square miles. Its sizeable \$1.76 billion tax base has grown at a steady 7.6% five year annual average rate, benefiting from its proximity to Wausau (GO rated Aa3), a regional economic hub of northern Wisconsin. While the paper industry continues to be a significant player in the region's economy, the district's development has been broad, with residential, commercial and light industrial all seeing growth, with gains in healthcare particularly notable. The balance of the district's economy is agricultural, centering on the dairy industry and ginseng production. Moody's expects the district's base to continue to grow at a steady and measured pace given its proximity to Wausau and a substantial amount of land available for future development (The district estimates it is only 25% built out). Wealth levels approximate state levels, while Marathon County's February unemployment rate of 5.6% was below the state and national averages of 5.8%.

**STABLE FINANCIAL OPERATIONS EXPECTED TO CONTINUE**

Over the past eight fiscal years, the district has posted modest General Fund surpluses or balanced operations. Continuing this trend, the district posted a balanced General Fund in fiscal 2004, with an ending balance of \$4.6 million, or a narrow 10.9% of revenues. With the sustained growth in its tax base, the district has also experienced steady enrolment increases since 1986, and projects future increases of between 1-2% annually. Concurrent with the referendum to approve the current project's financing, the district sought, and received voter approval for a \$750,000 levy override for the next 2 fiscal years to help cover the increased O&M costs associated with operating the new building. Typical of many districts throughout the state, D.C Everest cash flow borrows to cover low points in its revenue cycle, but favorably does not roll over its short term debt. Moody's believes that while the General Fund reserve level is somewhat narrow, management's consistently strong budgeting and forward looking planning help to partially offset concerns.

**ABOVE AVERAGE DEBT BURDEN EXPECTED TO REMAIN MANAGEABLE**

At 2.9% the district's debt burden is twice the state average of 1.4%, and above its historical levels of 2.0%.

The district's overall debt burden stands at an above average 5.4% (2.9% direct) and reflects sizeable district borrowings. Principal amortizations is slow, at 45.4% retired in ten years (all debt retired in twenty), but within the useful life of the projects financed. Debt service accounted for a modest 6.2% of fiscal 2004 core expenditures. Despite the below average rate of retirement, Moody's believes the district's debt burden should remain manageable given continued tax base growth and limited future borrowing plans.

## KEY STATISTICS

2000 Population: 27,668 (15.4% increase since 1990)

2004 Full Valuation: \$1.76 billion

Direct Debt: 2.9%

Overall Debt: 5.4%

Payout (10 years): 45.4%

FY 2004 General Fund Balance: \$4.6 million (10.9% of General Fund Revenues)

Marathon County Unemployment Rate (2/05): 5.6%

2000 Per Capita Income as a % of State: 103.3%

2000 Median Family Income as a % of State: 105.1%

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