



Rating Action: **Moody's assigns Aa3 to Pennsbury SD, PA's 2023 GOLT bonds**

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New York, April 27, 2023 -- Moody's Investors Service has assigned a Aa3 to Pennsbury School District, PA's \$40.9 million General Obligation Bonds, Series of 2023. Moody's maintains a Aa3 on the district's outstanding issuer and general obligation limited tax bonds. The district will have approximately \$202 million in debt outstanding post sale.

RATINGS RATIONALE

The Aa3 issuer rating reflects the district's very strong resident income levels with modestly declining enrollment. The district's reserve levels are narrow compared to peers but are extremely stable due to management's strong and active management. The district's leverage is going to increase due to various material capital projects but will remain manageable given its current plans.

The absence of distinction between the issuer and GOLT ratings reflect Pennsylvania school districts' ability to apply for exceptions to the cap on property tax increases in order to cover debt service, the Commonwealth's history of granting such exceptions, and the district's full faith and credit pledge supporting all general obligation debt.

RATING OUTLOOK

Moody's typically does not assign outlooks to local government issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Material improvement in its reserve position
- Decline in long-term liabilities

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Decline in reserves
- Material increase in long-term liabilities above current expectations
- Contraction of the local economy and enrollment

LEGAL SECURITY

The bonds are general obligations of the district, backed by the district's full faith credit and taxing power. The bonds are subject to the limits of Pennsylvania's Act 1.

USE OF PROCEEDS

The bonds will be used to finance upgrades to its athletic facilities and one of its middle schools along with other various capital projects at its facilities.

PROFILE

Pennsbury School District, PA is located in Bucks County north of Philadelphia. The district provides K-12 education to approximately 9,600 students across 14 school buildings.

METHODOLOGY

The principal methodology used in this rating was US K-12 Public School Districts Methodology published in January 2021 and available at <https://ratings.moodys.com/api/rmc-documents/70054>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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