

# MOODY'S

## INVESTORS SERVICE

### **Rating Action: Moody's assigns Aa3 UND/Aaa ENH ratings to Ogden CSD, UT's Series 2021 GO bonds**

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New York, October 07, 2021 -- Moody's Investors Service has assigned a Aa3 underlying rating to Ogden City School District, UT's \$27 million General Obligation School Building Bonds, Series 2021. Moody's also assigns an enhanced Aaa rating to the Series 2021 bonds based on the bonds' qualification for the Utah School District Bond Guaranty Program. Moody's maintains the district's Aa3 issuer rating, as well as the Aa3 and A1 ratings on the district's outstanding general obligation bonds and lease revenue bonds, respectively. The issuer rating reflects the district's ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features. Post issuance, the district will have about \$157.1 million in net debt outstanding.

#### RATINGS RATIONALE

The Aa3 issuer rating reflects the district's growing local economy that benefits from the institutional presence of Weber State University and federal government employers supporting average resident incomes and wealth. Although the district's long trend of declining enrollment is a credit challenge, the trend is expected to gradually slow and stabilize supported by the district's marketing efforts and investment in school facilities to attract students. Finances are adequate for the rating level and should remain stable supported by prudent expenditure management and one-time pandemic-relief funding. Finally, the rating factors the district's moderate long-term liabilities ratio and manageable fixed costs.

The Aa3 rating assigned to the district's general obligation bonds is equivalent to its issuer rating, based on the district's unlimited property tax pledge that is dedicated to debt service.

The Aaa enhanced rating is based on the additional security provided to bondholders by the Utah School District Bond Guaranty Program (Aaa stable). Under this program, the state's full faith and credit guarantees debt service payments by transfer of the state's general funds to the paying agent in the event of a shortfall for the district.

#### RATING OUTLOOK

Outlooks are not typically assigned to local governments with this amount of debt outstanding.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained growth in fund balance and liquidity
- Trend of enrollment growth and/or significant decline in charter attendance

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material deterioration in fund balance and liquidity
- Prolonged trend of enrollment decline

#### LEGAL SECURITY

The general obligation bonds are secured by the district's unlimited property tax pledge.

The Utah School District Bond Guaranty Program pledges its full faith and credit to make whole any shortfall in debt service by the district, if necessary, on a timely basis for payment to bondholders. The state pledges its full faith and credit to make whole any shortfall in debt service by the district, if necessary, on a timely basis for payment to bondholders.

#### USE OF PROCEEDS

Bond proceeds will be used to fund various district-wide capital improvements.

## PROFILE

Ogden City School District is essentially coterminous with Ogden City in Weber County, approximately 35 miles north of Salt Lake City. The district operates 19 schools and provides K-12 education to approximately 10,490 students as of October 1 2021.

## METHODOLOGY

The principal methodology used in the underlying rating was US K-12 Public School Districts Methodology published in January 2021 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM\\_1202421](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1202421). The principal methodology used in the enhanced rating was Rating Transactions Based on the Credit Substitution Approach: Letter of Credit-backed, Insured and Guaranteed Debts published in May 2017 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1068154](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1068154). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

## 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 at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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