



## **Rating Action: Moody's assigns Aa3 to Seguin ISD, TX's GOULT, Ser. 2023**

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16 Feb 2023

New York, February 16, 2023 – Moody's Investors Service has assigned a Aa3 rating to Seguin Independent School District, TX's \$40 million Unlimited Tax School Building Bonds, Series 2023. Moody's maintains the district's Aa3 issuer rating and the Aa3 underlying rating on its outstanding general obligation unlimited tax (GOULT) debt. Post-sale, the district will have roughly \$204 million in general obligation unlimited tax debt outstanding.

### **RATINGS RATIONALE**

The Aa3 issuer rating reflects the district's large, growing tax base, strong reserves, and improving enrollment trend. The rating also considers the district's slightly elevated leverage which is expected to increase given additional issuance plans.

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

### **RATING OUTLOOK**

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

### **FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING**

- Improved resident income levels
- Decrease in debt and long-term liabilities ratio

### **FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING**

- Trend of imbalanced operations that narrows reserves and liquidity
- Additional leverage absent corresponding revenue growth

### **LEGAL SECURITY**

The bonds are payable from a continuing direct annual ad valorem tax levied, without legal limit as to rate or amount, on all taxable property located within the district.

### **USE OF PROCEEDS**

Proceeds from the sale of the Series 2023 bonds will be used for school safety and security updates and various campus improvement projects.

### **PROFILE**

Seguin Independent School District is in Guadalupe County in south central Texas, approximately 35 miles east of San Antonio. The district's enrollment in fiscal 2023 was 7,209.

## 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.moody.com/api/rmc-documents/70054>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.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.moody.com/rating-definitions>.

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The rating has been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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