



## Rating Action: **Moody's assigns Aa3 to Washoe County SD, NV's Series 2022C GOLT bonds; outlook stable**

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New York, September 07, 2022 -- Moody's Investors Service has assigned a Aa3 rating to Washoe County School District, Nevada's General Obligation (Limited Tax) School Improvement Bonds, Series 2022C in the expected par amount of \$40 million. Moody's maintains Aa3 ratings on the district's outstanding general obligation limited tax (GOLT) bonds and a Aa3 issuer rating. 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 approximately \$1.3 billion of total debt. The outlook is stable.

### RATINGS RATIONALE

The Aa3 issuer rating reflects an exceptionally large, growing and diversifying economy, with just above average resident income, strong full value per capita and stable enrollment trends. While the coronavirus pandemic negatively affected enrollment in fiscal 2021, a rebound was realized in fiscal 2022 and is expected to stabilize at lower levels. The district's healthy and steadily improving reserves are supported by strong management after previous years of structural imbalance. The district's elevated leverage and above-average fixed costs remain long-term credit challenges.

The Aa3 GOLT rating is equivalent to the district's issuer rating as well as the strength of the GOLT pledge in Nevada. The absence of a rating distinction between the district's issuer and GOLT ratings reflects the strength of the full faith and credit pledge in Nevada, which Moody's rates at the same level as the issuer ratings of local governments in the state.

### RATING OUTLOOK

The stable outlook reflects our expectations that the district's financial position will be maintained, resulting in continued operating flexibility. The stable outlook also reflects the likelihood that the district's economy and resident income levels will continue to grow and diversify.

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

Material, sustained improvement in the district's reserves

Significant continued economic diversification and improved resident income

Material decrease in total leverage

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

Material increase in total leverage

Material drawdown in reserves, especially if not met by subsequent expense reductions to maintain a balanced budget

### LEGAL SECURITY

The 2022C bonds are secured by the full faith and credit of the district within the constitutional and statutory limitations for overlapping operating and debt service levies.

### USE OF PROCEEDS

Proceeds from the 2022C bonds will be used to acquire, construct, improve and equip school facilities.

### PROFILE

Washoe County School District is coterminous with Washoe County (Aa2 stable) and serves a population of approximately 450,486 in northern Nevada (Aa1 stable), including the cities of Reno (A1 stable) and Sparks (A2). The district serves approximately 62,353 students in fiscal 2021 and is the second largest in the state.

### 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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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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