

# MOODY'S

## INVESTORS SERVICE

### Rating Action: Moody's confirms RSD 5, CT's Aa1 GO rating & assigns Aa1 issuer rating

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06 Apr 2021

New York, April 06, 2021 -- Moody's Investors Service has assigned a Aa1 issuer rating to Regional School District 5 (Amity), CT. The issuer rating reflects the district's ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features. Concurrently, Moody's has confirmed the underlying rating of Aa1 on the district's general obligation unlimited tax (GOULT) bonds. This action concludes a review for possible downgrade initiated on January 26, 2021 in conjunction with release of the US K-12 Public School Districts Methodology. The district has \$3.1 million of rated GOULT bonds.

#### RATINGS RATIONALE

The Aa1 issuer rating reflects the district's strong income and wealth levels, trend of declining enrollment and low leverage and fixed-costs ratio, and the available reserves of the member towns. The rating also incorporates the district's very narrow reserves, as limited by state statute.

The district's general obligation bonds are rated at the same level as the Aa1 issuer rating, based on the district's general obligation full faith and credit pledge, which is a non-contingent general promise to pay; the district does not have any taxing authority. To the extent not paid from other sources, the bonds are payable by amounts apportioned to member towns for which they may levy taxes without limit as to rate or amount.

#### 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

- Increased reserve levels
- Positive enrollment trend
- Strengthened credit profile of member towns

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

- Significant increase in debt or capital needs
- Weakened credit profile of member towns
- Increased annual pension cost or growth in unfunded liability

#### LEGAL SECURITY

The bonds are general obligations of the district and of the member towns.

#### PROFILE

The district is located in the towns of Bethany, Orange and Woodbridge, located adjacent and to the west of New Haven, CT (Baa1 stable). The district serves all of the public school population for grades seven through twelve. The district is comprised of two middle schools and a high school. Enrollment was 2,185 in fiscal 2020. The district's operations and debt service are funded through member town assessments proportioned by enrollment. Current member towns and proportionate assessments are as follows: Orange (50.9%); Bethany (18.3%); Woodbridge (30.8%).

#### METHODOLOGY

The principal methodology used in these ratings 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). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.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 at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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