



## Rating Action: Moody's assigns Aa2 to Cook County CCSD 15 (Palatine), IL's GOULT bonds

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New York, December 23, 2022 -- Moody's Investors Service has assigned a Aa2 rating to Cook County Community Consolidated School District 15 (Palatine), IL's General Obligation School Bonds, Series 2023 with an estimated par amount of \$43.7 million. Concurrently, Moody's has affirmed the district's Aa2 issuer rating and the Aa2 rating on outstanding general obligation limited tax (GOLT) debt. The issuer rating represents the district's ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features. Following the sale, the district will have approximately \$35.1 million in GOLT debt and \$43.7 million in general obligation unlimited tax (GOULT) debt outstanding.

### RATINGS RATIONALE

The Aa2 issuer rating reflects the district's maintenance of strong reserves and healthy local economy. The district's leverage and fixed costs will remain below average for the rating category, inclusive of a large capital program that the district will undertake over the next four years. Leverage and fixed costs are low due in part to state support for contributions to an underfunded teacher retirement system. The district's enrollment trend is very negative, though enrollment is not a driver of the State of Illinois' (Baa1 stable) evidence-based funding formula.

The Aa2 GOULT rating is equivalent to the issuer rating based on the district's general obligation full faith and credit pledge as well as an unlimited property tax that is dedicated to debt service.

The absence of a distinction between the Aa2 GOLT rating and the issuer rating is based on a broad all available funds pledge, with debt service supported by a dedicated tax levy unlimited as to rate, though limited in amount by the district's debt service extension base (DSEB).

### RATING OUTLOOK

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

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

- Improved enrollment trend
- Growth in reserves and liquidity
- Maintenance of manageable leverage burden

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

- Narrowing of reserves and liquidity
- Significant growth in the district's debt or pension burden

### LEGAL SECURITY

The district's GOULT bonds are backed by its pledge and authorization to levy a property tax unlimited as to rate or amount to pay debt service.

Debt service on the district's GOLT debt is backed by the district's pledge of all available funds and supported by a dedicated property tax levy that is unlimited as to rate, but limited in amount by the district's DSEB which is currently about \$6.4 million.

## USE OF PROCEEDS

Proceeds from the Series 2023 bonds will pay for capital improvements, equipment and additions at district facilities to be completed as the first phase of the districtwide master facility plan.

## PROFILE

Located in Cook County, approximately 25 miles northwest of Chicago (Baa3 stable), the district serves a majority of the Village of Palatine (Aa2), the City of Rolling Meadows, and small portions of five other communities. The district provides K-8 education to approximately 11,000 students in a community of about 118,000 residents.

## METHODOLOGY

The principal methodology used in these ratings 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

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