

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa3 to Elizabethtown ASD, PA's GOLT bonds

29 Apr 2024

New York, April 29, 2024 -- Moody's Ratings (Moody's) has assigned a Aa3 general obligation limited tax (GOLT) rating to Elizabethtown Area School District, PA's \$15.0 million General Obligation Bonds, Series of 2024. Moody's maintains the district's outstanding issuer and GOLT Aa3 ratings. The issuer-level rating reflects the district's ability to pay debt and debt-like obligations without consideration of any pledge, security or structural features. Post-issuance, the district will have \$59.5 million in general obligation debt outstanding.

RATINGS RATIONALE

The Aa3 issuer rating reflects the district's satisfactory financial position (available fund balance 20.4% of revenues) that will continue to exhibit stability in the near term. The rating also considers the district's healthy regional economy characterized by above-average resident wealth (adjusted MHI of 109%) and income levels (full value per capita of \$71,000), manageable leverage profile, and affordable fixed-costs.

The absence of a distinction between the issuer and GOLT ratings reflects the district's full faith and credit pledge supporting all general obligation debt.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Material growth in fund balance ratio to above 25% of revenue
- Positive enrollment trend

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Material and sustained draws on reserves and liquidity to below 17% of revenue

- Additional borrowing or pension liability growth to over 300% of revenue
- Acceleration of negative enrollment trend

LEGAL SECURITY

Debt service on the Series of 2024 bonds is supported by the district's full faith and credit pledge and ability to levy ad valorem property taxes subject to the limits of Pennsylvania Act 1, "Taxpayer Relief Act."

USE OF PROCEEDS

Proceeds from the Series of 2024 bonds will be used for capital improvements to School District facilities.

PROFILE

Elizabethtown Area School District is located in Lancaster County (Aa2) approximately 100 miles west of Philadelphia (A1 stable) and 22 miles southeast of Harrisburg. The district covers approximately 60 square miles which includes the Borough of Elizabethtown and the townships of West Donegal, Conoy and part of Mount Joy. The district has enrollment of approximately 3,600 students and operates three elementary schools, one middle school and one high school.

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/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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