

CREDIT OPINION

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Panama-Buena Vista Union School District, CA

Update to credit analysis

Summary

[Panama-Buena Vista Union School District, CA](#) (Aa3 issuer, Aa2 GOULT) benefits from a growing tax base, stable enrollment and strong financial position, offset by average resident income and property wealth.

Credit strengths

- » Continued tax base growth underpinned by sustained residential and commercial development
- » Sustained enrollment growth with projections indicating future stability

Credit challenges

- » Below average property wealth level
- » Expiration of one-time funds along with exposure to federal funding volatility

Rating outlook

We do not assign outlooks to local governments with this amount of debt outstanding.

Factors that could lead to an upgrade

- » Sustained economic development leading to median household income rising above 120% of the US median and full value per capita exceeding national medians
- » Long term maintenance of fund balance and liquidity above 25% of revenue
- » A sustained trend of enrollment growth

Factors that could lead to a downgrade

- » Material weakening of fund balance to below 17% of revenue
- » Substantial increase in long-term liabilities to above 400% of revenue
- » Enrollment declines not met with appropriate budget adjustments

Key indicators

Exhibit 1

Panama-Buena Vista Union School District, CA

	2021	2022	2023	2024	Aa Medians
Economy					
Resident income	111.2%	104.4%	107.3%	N/A	118.5%
Full value (\$000)	\$13,504,112	\$14,125,751	\$15,134,488	\$16,186,134	\$4,184,901
Population	144,377	144,216	147,416	N/A	32,217
Full value per capita	\$93,534	\$97,949	\$102,665	N/A	\$123,578
Enrollment	18,262	18,785	19,023	19,369	4,143
Enrollment trend	0.0%	0.3%	0.5%	2.0%	-1.0%
Financial performance					
Operating revenue (\$000)	\$276,210	\$302,522	\$347,777	\$362,464	\$76,434
Available fund balance (\$000)	\$59,897	\$69,428	\$77,835	\$92,983	\$21,177
Net cash (\$000)	\$43,991	\$64,908	\$148,312	\$166,527	\$26,035
Available fund balance ratio	21.7%	22.9%	22.4%	25.7%	29.2%
Net cash ratio	15.9%	21.5%	42.6%	45.9%	35.9%
Leverage					
Debt (\$000)	\$154,502	\$172,785	\$190,579	\$188,940	\$52,318
ANPL (\$000)	\$870,988	\$741,273	\$519,737	\$556,007	\$107,625
OPEB (\$000)	\$34,110	\$25,908	\$23,927	\$30,471	\$8,874
Long-term liabilities ratio	383.6%	310.7%	211.1%	213.9%	301.4%
Implied debt service (\$000)	\$11,498	\$10,837	\$12,067	\$13,239	\$3,696
Pension tread water (\$000)	\$25,591	\$18,389	\$23,003	N/A	\$1,705
OPEB contributions (\$000)	\$3,338	\$3,297	\$3,288	\$4,650	\$363
Fixed-costs ratio	14.6%	10.8%	11.0%	11.3%	9.8%

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [K12 Median Report](#).

Sources: US Census Bureau, Panama-Buena Vista Union School District, CA's financial statements and Moody's Ratings

Profile

Panama-Buena Vista Union School District encompasses approximately 87 square miles in southwest Bakersfield in Kern County, CA. The district provides education from transitional kindergarten, which serves as a bridge from preschool to kindergarten through 8th grade in 20 elementary and five junior high schools to an estimated enrollment of 19,550 students, as of fiscal 2026. An additional TK-8 school, Mountain View, will be opening in August 2025.

Detailed credit considerations

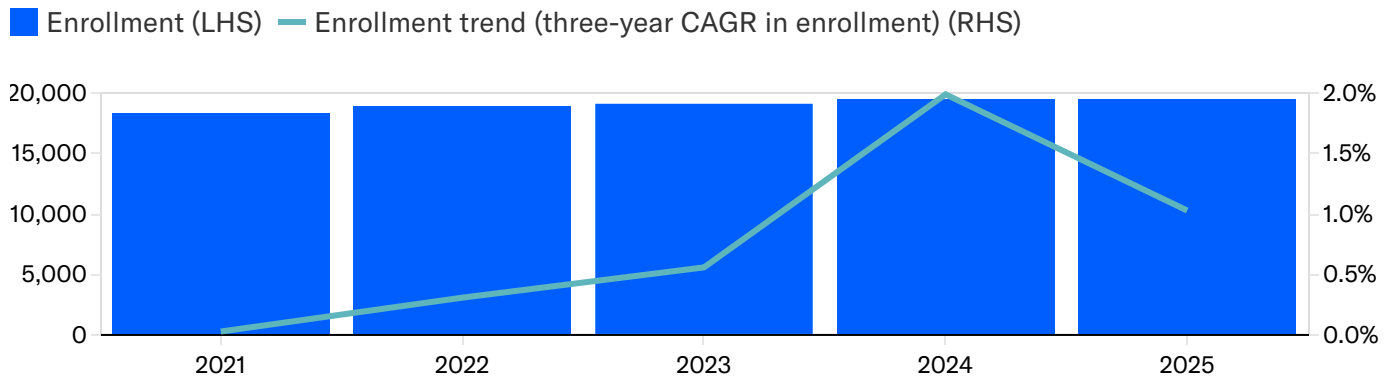
Panama-Buena Vista Union School District continues to benefit from a diverse and steadily expanding tax base, supported by robust immigration and sustained residential and commercial development, including major projects such as the City Lights Mall and a 255-acre logistics park. Housing affordability and availability remain key drivers of population growth, contributing to both tax base expansion and stable enrollment projections over the near term. Despite these strengths, resident income and property wealth levels remain below national medians, reflecting the district's local economy, which is primarily anchored in retail and agriculture.

The district's financial position will remain solid for the rating level despite planned spenddown of one-time funds in the next three years. Fiscal 2025 estimated actuals reflect a \$6.6 million deficit, while the fiscal 2026 budget projects a larger \$22.5 million deficit, reducing the total general fund balance from \$137.6 million (39.5% of revenue in fiscal 2024) to \$108.6 million (30% of fiscal 2026 revenue). Multi-year projections indicate continued deficits through fiscal 2028, with the fund balance declining to \$94.5 million or 25% of revenue. Given the conservative assumptions such as budgeting for all positions and flat enrollment, we expect that the district will outperform these projections and maintain reserves above its minimum fund balance policy of 17%.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

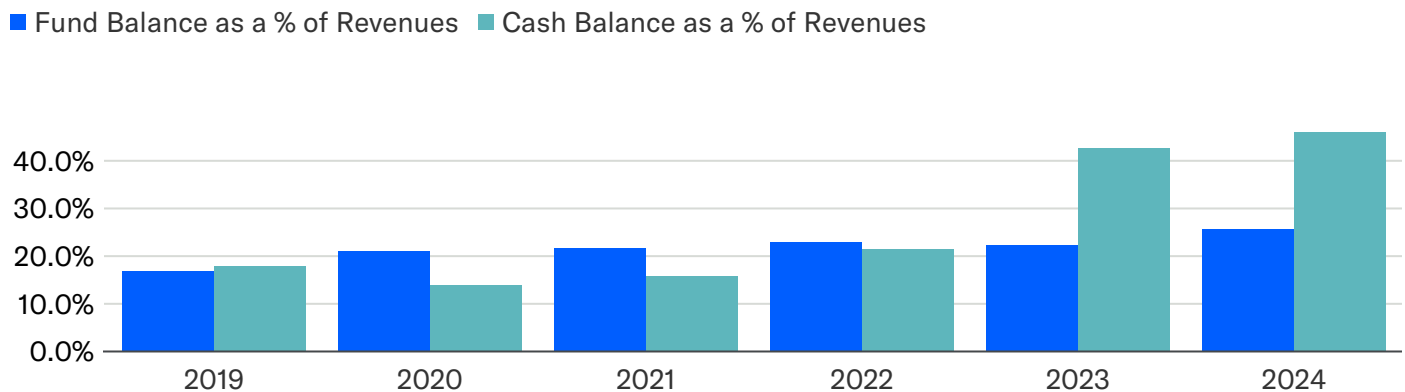
The district's moderate long-term liabilities and fixed costs will remain manageable despite plans to issue additional debt over the next two to three years. Adjusted net pension liabilities (ANPL) are elevated at \$556 million, or 153% of operating revenue (based on a 4.9% discount rate); however, the district's pension contributions have exceeded the tread water indicator for the past three years. Adjusted OPEB liabilities are low, and the district maintains an OPEB trust with a balance of approximately \$11 million as of fiscal 2025. While results will vary across US public pension systems, we generally expect local governments' fiscal year 2025 ANPLs to fall by around another 20% based on our aggregate estimates, due to rising interest rates and above-target investment returns in 2024.

Exhibit 2

Growing enrollment expected to stabilize in the near term

Source: Moody's Ratings

Exhibit 3

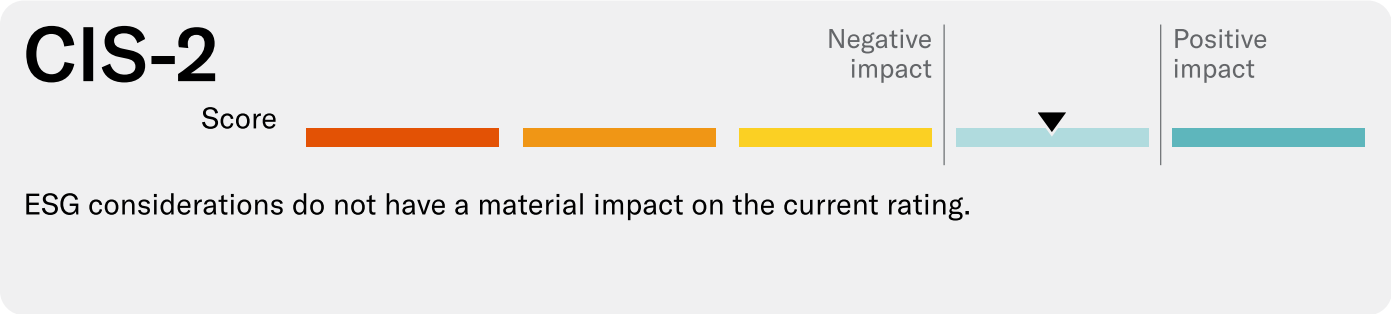
Financial position will remain stable despite projected deficits

Source: Moody's Ratings

ESG considerations

Panama-Buena Vista Union School District, CA's ESG credit impact score is CIS-2

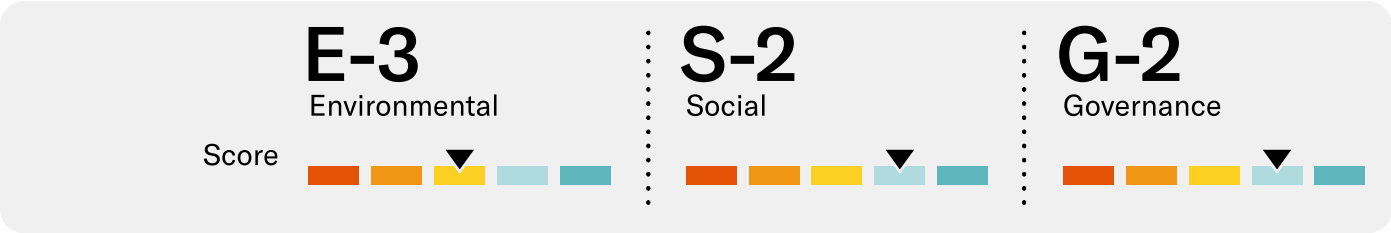
Exhibit 4
ESG credit impact score



Source: Moody's Ratings

Panama-Buena Vista Union School District's **CIS-2** score indicates that ESG considerations are not material to the rating. This reflects low exposure to environmental, social and governance risks.

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Panama-Buena Vista Union School District's **E-3** score reflects exposure to water stress, a measure of local water demand versus local water supply. Exposure to risks associated with carbon transition, water management, natural capital, and waste and pollution is low.

Social

Panama-Buena Vista Union School District's **S-2** score reflects low exposure to social risks across most categories, including demographics, education, housing, health and safety, and access to basic services. The poverty rate among school-age children in the district is high compared to rated peers and the national median, presenting labor and income related risk.

Governance

Panama-Buena Vista Union School District's **G-2** score indicates limited governance risks. The district has a strong financial transparency and disclosure, typical of California school districts, with interim reporting and timely filing of audited financial statements. Budget management and policy credibility and effectiveness are solid. The institutional structure for California school districts is solid but reflects a limited revenue raising flexibility and exposure to the state's economic and financial volatility.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

Exhibit 6

Panama-Buena Vista Union School District, CA

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	107.3%	10.0%	Aa
Full value per capita (full valuation of the tax base / population)	114,603	10.0%	Aa
Enrollment trend (three-year CAGR in enrollment)	1.0%	10.0%	Aa
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	25.7%	20.0%	Aaa
Net cash ratio (net cash / operating revenue)	45.9%	10.0%	Aaa
Institutional framework			
Institutional Framework	A	10.0%	A
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	219.5%	20.0%	Aa
Fixed-costs ratio (adjusted fixed costs / operating revenue)	11.3%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa2
Assigned Rating			Aa3

The complete list of outstanding ratings assigned to the Panama-Buena Vista Union School District, CA is available on their [issuer page](#). Details on the current ESG scores assigned to the Panama-Buena Vista Union School District, CA are available on their [ESGView page](#).

Sources: US Census Bureau, Panama-Buena Vista Union School District, CA's financial statements and Moody's Ratings

Appendix

Exhibit 7

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Ratings
Financial performance		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
Leverage		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US K-12 Public School Districts Methodology](#).

Source: Moody's Ratings

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