



Rating Action: Moody's Rating assigns Aa3 to San Jacinto USD, CA's Series 2025 GO bonds and 2025 GO Ref. Bonds

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New York, October 08, 2025 -- Moody's Ratings (Moody's) has assigned Aa3 ratings to San Jacinto Unified School District, CA's proposed General Obligation Bonds, Election of 2024, Series 2025, and the 2025 General Obligation Refunding Bonds, in the estimated par amounts of \$60 million and \$22.34 million, respectively. Concurrently, we maintain the district's A1 issuer rating, Aa3 ratings on its outstanding rated general obligation unlimited tax (GOULT) bonds and an A2 rating on its outstanding Certificates of Participation (COPs). Post issuance, the district will have approximately \$170 million in outstanding debt.

RATINGS RATIONALE

The A1 issuer rating incorporates the district's moderately sized and growing tax base (\$5.3 billion in 2026) that is driven by ongoing and planned development in the area as well as the turnover of homes. This growth is balanced by the district's below median resident income (88.7%) and assessed value per capita (\$90,417). While the district could see modest enrollment growth in the near term from ongoing and planned residential development, district management is conservatively projecting enrollment to remain flat, given many alternative schooling options available to families in the area.

Financial reserves are healthy, supported by the district's conservative budgeting practices and the prudent use of one-time pandemic funds to build on its reserves and liquidity. While out-year financial projections show deficits, reflecting the spending down of one-time funds as well as a structural deficit, we expect that management will outperform these projections and maintain general fund reserves at sound levels, above its informal 10% reserve policy. Leverage is moderate and will remain manageable even with the district's plans to issue debt in the next few years.

The Aa3 rating assigned to the district's general obligation bonds is one notch higher than the A1 issuer rating. The one notch distinction reflects California school district GO bond security features that include the physical separation through a "lockbox" for pledged property tax collections and a security interest created by statute.

The A2 lease rating is one notch below the issuer rating and reflects standard legal provisions of a California abatement lease. The leased assets are the district's Mountain View High School and Mountain Heights Academy.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Strengthened resident income in line with the US median and assessed value per capita approaching \$100,000
- Sustained maintenance of available operating fund reserves above 20% of revenue absent one-time funds

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Reduction in available operating fund reserves below 10% of revenue

- Substantial enrollment declines without commensurate expenditure reductions
- Material increases in leverage beyond 400% of revenue

PROFILE

San Jacinto Unified School District provides educational services to the nearly all the City of San Jacinto and portions of the Cities of Hemet, Moreno Valley and Beaumont, as well as certain unincorporated areas of Riverside County, and is governed by a five-member Board of Trustees. The district operates 13 schools along with several State and Head Start early childhood education programs. The fiscal 2026 enrollment is budgeted at 10,270 students.

METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts published in July 2024 and available at <https://ratings.moody.com/rmc-documents/425431>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

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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.moody.com/rating-definitions>.

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