MOODY'S RATINGS

Rating Action: Moody's Ratings assigns A1 UND/Aaa ENH to Boling ISD, TX's GOs, Ser. 2026

12 Aug 2026

New York, August 12, 2026 -- Moody's Ratings (Moody's) has assigned A1 underlying and Aaa enhanced ratings to Boling Independent School District, TX's Unlimited Tax School Building Bonds, Series 2026 in the proposed par amount of $6 million. We maintain the A1 underlying rating on the district's outstanding general obligation unlimited tax (GOULT) debt. The district's outstanding GOULT debt will total $34.9 million post-sale.

RATINGS RATIONALE

The A1 issuer rating reflects Boling ISD's solid financial position, stable enrollment, and growing tax base, balanced against elevated leverage and taxpayer concentration. Available fund balance and net cash declined in fiscal 2025 (August 31st year-end) due to planned capital spending, but remained sound at approximately 38% and 42% of operating revenue, respectively. Management expects to maintain solid reserve levels with anticipated balanced operations in fiscal 2026 and fiscal 2027.

The district's economy benefits from stable enrollment, solid full value per capita of approximately $141,000, and expected tax base growth with the potential of a large data center coming online in the next few years. Resident income is adequate at approximately 96% of the US median. The credit profile remains constrained by taxpayer concentration, with the top ten taxpayers accounting for approximately 38% of assessed value.

Leverage is elevated with long-term liabilities equal to approximately 300% of operating revenue, and will remain a key rating constraint following the current issuance. The bonds will be used to finance the district's elementary school building project, and management plans to issue the remaining authorized debt to complete it, however, leverage will remain around similar levels.

The A1 underlying rating assigned to the GOULT bonds is at the same level as the issuer rating based on the pledge of an unlimited property tax that is dedicated for debt service and levied upon all taxable property within the district.

The Aaa enhanced rating is based on the rating of the Texas Permanent School Fund (PSF) and the structure and legal protections of the transaction which provide for timely payment by the PSF if necessary. We currently rate the Texas Permanent School Fund Aaa stable.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Trend of operating surpluses that increases available fund balance above 50% of operating revenue

- Maintenance of long-term liabilities below 200% of operating revenues

- Significant expansion and diversification of tax base without sacrificing full value per capital

- Not applicable (enhanced)

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Trend of imbalanced financial operations that decreases available reserves to less than 25% of operating revenue

- Increase in long term liabilities or fixed costs that exceeds 400% and 25%, respectively

- Material and/or sustained economic downturn resulting in weakened resident income or material loss of transfer enrollment

- Rating downgrade of the Texas Permanent School Fund (enhanced)

PROFILE

Boling Independent School District is located approximately 50 miles southwest of the City of Houston and covers 147 square miles within Wharton and Matagorda Counties. The district provides primary and secondary education to roughly 1,123 students.

METHODOLOGY

The principal methodology used in the underlying rating was US K-12 Public School Districts published in June 2026 and available at https://ratings.moodys.com/rmc-documents/466688. The principal methodology used in the enhanced rating was Guarantees, Letters of Credit and Other Forms of Credit Substitution Methodology published in July 2022 and available at https://ratings.moodys.com/rmc-documents/386295. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of these methodologies.

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.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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