

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa3 to Santa Ana USD, CA's GOs; outlook stable

13 Oct 2026

New York, October 13, 2026 -- Moody's Ratings (Moody's) has assigned a Aa3 rating to Santa Ana Unified School District, CA's General Obligation Bonds, 2024 Election, 2026 Series A in the estimated par amount of \$100 million. We have affirmed the district's A1 issuer rating, Aa3 ratings on its outstanding rated general obligation unlimited tax (GOULT) bonds and A2 ratings on its outstanding rated Certificates of Participation (COPs). Following this issuance, the district will have approximately \$667 million in total debt outstanding. The outlook is stable.

RATINGS RATIONALE

The A1 issuer rating reflects the district's growing \$47 billion tax base, strong assessed value per capita of \$184,117 and above-average resident income levels at 106% of US. The rating also incorporates the district's rapid enrollment declines, reflected in the three-year CAGR of negative 5.5%, which will continue to remain a key challenge and limit financial flexibility.

The district's financial position increased in recent years with the receipt of one-time funds, but its available fund balance ratio moderated significantly in fiscal 2025, driven by the spend down of one-time funds. For fiscal 2026 (unaudited), the district is projecting a satisfactory ending available general fund balance of about 9% of general fund revenue. Management plans to continue taking measures to align ongoing revenues with expenditures to eliminate the structural deficit including but not limited to offering retirement incentives and making additional staffing adjustments. An inability to achieve structural balance, resulting in a material weakening in reserve levels, could negatively affect the rating.

Long-term liabilities ratio is moderate at 252.1% of revenue and will likely increase as the district has plans to issue its remaining authorization over the next few years post this current issuance.

The Aa3 rating on the GOULT bonds is one notch higher than the 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 rating on the district's COPs is one notch below its issuer rating, reflecting the contingent nature of the lease payments, abatement risk and the more essential leased asset of school facilities. The district covenants to include COP payments in annual budgets, and payments are not subject to appropriation risk.

RATING OUTLOOK

The stable outlook reflects expectation that management will continue to implement budget adjustments that will support satisfactory levels of reserves and liquidity over the near term. If financial reserves and/or liquidity were to materially decline it could put negative pressure on the rating and/or outlook.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Stabilization of enrollment that improves revenue
- Continued economic growth resulting in material increases in resident income approaching 120%

- Sustained increase in available general fund balance to levels above 15% of revenue absent one-time funds

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Failure to implement budget adjustments resulting in a material weakening of available general fund reserves or a decline in available general fund reserves approaching 5% of revenue
- Accelerated enrollment declines that materially reduce revenue without commensurate budget adjustments
- Material increase in leverage to levels above 500% of revenue

PROFILE

Santa Ana Unified School District encompasses 24 square miles in northern Orange County and serves residents across the Cities of Santa Ana, Irvine, Newport Beach, Costa Mesa, Orange, Tustin and adjacent unincorporated areas. The district's enrollment for fiscal 2026 was 33,382.

METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts published in June 2026 and available at <https://ratings.moody.com/rmc-documents/466688>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

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