



Rating Action: Moody's Ratings assigns MIG 1 to Western Placer USD, CA's 2025 TRANS

23 May 2025

New York, May 23, 2025 -- Moody's Ratings (Moody's) has assigned a MIG 1 rating to Western Placer Unified School District, CA's 2025 Tax and Revenue Anticipation Notes with a proposed par amount of \$14.7 million. We affirmed the district's A1 issuer rating and Aa3 general obligation unlimited tax (GOULT) ratings. The district has about \$240 million in long-term debt outstanding. The outlook is stable.

RATINGS RATIONALE

The A1 issuer rating reflects the district's strong enrollment growth and modest but relatively stable financial position. The district's second interim budget reflects a fiscal 2025 (year-end June 30) deficit, largely due to unspent funds that were carried forward to the current fiscal year. If fully realized, the deficit will bring available general fund reserves to a still satisfactory 7% of revenue and the available operating fund (combined general and debt service funds) balance to 11% of revenue. Multiyear projections reflect a modest deficit in fiscal year 2026 but surplus operations in fiscal 2027, with the available general fund balance remaining fairly stable at 6%. Leverage and fixed costs will remain elevated as the district continues to invest in facilities in response to enrollment growth.

The Aa3 rating on the district's 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 MIG 1 rating on the district's TRANS incorporates the district's long-term credit quality that is reflected in its A1 issuer rating, as well as the district's full faith, credit and taxing power pledge. The rating also incorporates the district's satisfactory projected liquidity position at the time of note maturity and advanced set asides for repayment in January and April 2026.

RATING OUTLOOK

The stable outlook reflects our expectation that the district's financial position will remain sound, supported by conservative budgeting practices and growing enrollment.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Maintenance of available general fund reserves in excess of 10% of revenue
- Moderation of total leverage below 250% of revenue

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Sustained weakening of available general fund balance to levels below 5% of revenue
- Increased total leverage to levels above 400% of revenue

PROFILE

Western Placer Unified School District encompasses roughly 170 square miles in the western portion of Placer County. It provides kindergarten through twelfth grade education to about 8,000 students within the city of Lincoln and unincorporated surrounding areas.

METHODOLOGY

The principal methodology used in the issuer and general obligation ratings was US K-12 Public School Districts published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425431>. The principal methodology used in the short-term rating was US Municipal Short-term Debt published in October 2024 and available at <https://ratings.moodys.com/rmc-documents/430699>. 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>.

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