



Rating Action: Moody's upgrades Southwest Local School District (Hamilton County), OH's Issuer, GOLT and GOULT ratings to Aa3

16 May 2023

New York, May 16, 2023 -- Moody's Investors Service has upgraded Southwest Local School District (Hamilton County), OH's issuer, general obligation unlimited tax (GOULT), and general obligation limited tax (GOLT) ratings to Aa3 from A1. The district had roughly \$80 million of debt outstanding as of June 30, 2022.

RATINGS RATIONALE

The upgrade of the issuer rating to Aa3 reflects the district's strong reserves and liquidity, solid full value per capita and resident incomes and positive enrollment trend, balanced by an elevated long-term liabilities ratio.

The district's GOULT bonds are rated at the same level as the Aa3 issuer rating given the district's full faith and credit pledge and authorization to levy a dedicated property tax that is unlimited as to rate or amount.

The district's GOLT debt is also rated Aa3. The lack of distinction between the Aa3 issuer and GOLT ratings is based on the district's full faith and credit pledged to the repayment of its limited tax debt.

RATING OUTLOOK

Moody's does not typically assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Moderation of the district's long-term liabilities ratio
- Continued tax base growth and economic expansion

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Sustained declines in fund balance and liquidity
- Significant increase in long-term liabilities or fixed-cost ratios

LEGAL SECURITY

Debt service on outstanding GOULT debt is backed by the district's full faith and credit and its authority to levy an unlimited ad valorem tax on all taxable property.

Debt service on the district's outstanding GOLT debt is backed by the district's pledge and authorization to levy a tax within the State of Ohio's statutory ten mill limitation.

PROFILE

Southwest Local School District encompasses roughly 70 square miles in Hamilton County (Aa2 stable), roughly 25 miles northwest of Cincinnati (Aa2 stable). It provides K-12 education to over 4,300 students within the City of Harrison (A1) and several surrounding townships.

METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts Methodology published in January 2021 and available at <https://ratings.moodys.com/rmc-documents/70054>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.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.moodys.com/rating-definitions>.

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