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Rating Action: Moody's assigns Aaa to Tredyffrin-Easttown School District, PA's General Obligation Bonds, Series of 2021; outlook stable

24 Mar 2021

New York, March 24, 2021 -- Moody's Investors Service has assigned a Aaa general obligation limited tax rating to Tredyffrin-Easttown School District, PA's \$25 million General Obligation Bonds, Series of 2021 (Federally Taxable). Concurrently, Moody's has affirmed the district's Aaa issuer rating, as well as the Aaa rating for the district's outstanding general obligation limited tax (GOLT) debt. The issuer rating reflects the district's ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features.

RATINGS RATIONALE

The district's Aaa issuer rating reflects its stable enrollment trend and strong reputation as a top school district in the commonwealth. The rating further reflects the district's large and dynamic tax base with above average resident wealth, its consistently strong financial position with ample liquid reserves, and its currently moderate balance sheet leverage. Management practices are prudent, with consistent outperformance of budget. These strengths are measured alongside the district's plans to incur debt in the near term to support material capital needs.

The Aaa rating on the district's GOLT debt is equivalent to its issuer rating, based on its general obligation full faith and credit pledge. The GOLT rating also reflects Pennsylvania school districts' ability to apply for exceptions to the cap on property tax increases in order to cover debt service and the Commonwealth's history of granting such exceptions.

RATING OUTLOOK

The stable outlook reflects our continued expectation of financial performance and tax base strength commensurate with the Aaa rating category.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

-Not Applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Structurally imbalanced operations that lead to sustained reserve draws
- Material decline in enrollment or resident wealth; tax base contraction

LEGAL SECURITY

The district's debt is secured by its general obligation limited tax (GOLT) pledge, as it is subject to the limitations of Pennsylvania's Act 1 "Taxpayer Relief Act."

All of the district's bond debt is secured by a pledge of its full faith, credit and available taxing power.

PROFILE

Tredyffrin-Easttown School District is located in Chester County (Aaa stable) about 18 miles northwest of Philadelphia (A2 stable) and serves roughly 7,170 students in grades K-12 as of the 2020 fiscal year. It operates eight school buildings and employs about 760 people.

METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts Methodology published in January 2021 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1202421. Alternatively, please see the Rating Methodologies page on www.moody.com for a

copy of this methodology.

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 at: https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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

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