

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's downgrades Wantagh UFSD, NY's GO to Aa3 & assigns Aa3 issuer rating

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New York, March 04, 2021 -- Moody's Investors Service has assigned a Aa3 issuer rating to Wantagh Union Free School District, New York. The issuer rating reflects the district's ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features. Concurrently, Moody's has downgraded the underlying rating on the district's general obligation unlimited tax (GOULT) bonds to Aa3 from Aa2. This action concludes a review for possible downgrade initiated on January 26, 2021 in conjunction with release of the US K-12 Public School Districts Methodology. The district has \$7.9 million of rated GOULT bonds.

RATINGS RATIONALE

The Aa3 issuer rating incorporates the district's adequate reserves and liquidity and moderately declining enrollment. The rating also considers the district's high resident income, above average full value per capita, manageable long-term liabilities, below average fixed costs, and new management that has discontinued annual budgeted draws to fund balance.

The downgrade to Aa3 of the district's general obligation bonds is equivalent to the Aa3 issuer rating based on the district's full faith and credit pledge, as well as the district's authority to levy ad valorem taxes on all taxable property within the district, without limitation as to rate or amount, to pay debt service.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Increased fund balance and net cash
- Improved enrollment trend
- Material decrease in long-term liabilities
- Strengthening of full value per capita or resident income levels

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material decline in fund balance or net cash
- Declining enrollment trend
- Material increase in long-term liabilities or fixed costs
- Significant decline in full value per capita or resident income levels

LEGAL SECURITY

The general obligation bonds are secured by the district's faith and credit supported by its authority to levy ad valorem taxes to pay debt service on all taxable property within the district without limitation as to rate or amount. The bonds are further secured by the section 99b state aid intercept program.

PROFILE

Wantagh UFSD is located in eastern Nassau County, New York, on the south shore of Long Island, approximately 25 miles east of New York City. The district is situated within the Town of Hempstead (Aa1 stable). The district provides public K-12 education to approximately 2,800 students and operates three

elementary school buildings, a middle school building, and a high school building.

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.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1202421. Alternatively, please see the Rating Methodologies page on www.moodys.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.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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