

Rating Action: Moody's upgrades Educational Service Center of Central Ohio's issuer rating to Aa3

05 Apr 2021

New York, April 05, 2021 -- Moody's Investors Service has upgraded the issuer rating for Educational Service Center of Central Ohio to Aa3 from A1. The issuer rating reflects the district's ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features. This action concludes a review for possible upgrade initiated on January 26, 2021 in conjunction with the release of the US K-12 Public School Districts methodology. The district does not have any rated debt outstanding.

RATINGS RATIONALE

The upgrade of the issuer rating to Aa3 incorporates the center's solid economic base, including growing enrollment and healthy resident income, a very stable operating history with strong financial reserves, and low fixed costs. The rating also reflects the center's high long-term liabilities ratio because of its participation in the state's multi-employer cost-sharing pension plans and dependence on short-term service agreements with member school districts.

RATING OUTLOOK

Outlooks are typically not assigned to local governments with similar amounts of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Substantial diversification in the revenue base
- Growth in available fund balance and liquidity
- Reduction in long-term liabilities ratio

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Declines in enrollment or loss of contracts with member districts
- Reduction in available fund balance and liquidity
- Increase in long-term liabilities ratio or fixed costs

LEGAL SECURITY

The issuer rating reflects the district's ability to repay debt and debt-like obligations without consideration of any pledge, security, or structural features. The issuer does not have any rated debt outstanding.

PROFILE

The Educational Service Center of Central Ohio provides administrative, academic, financial, and operational support to approximately 226,000 students in eight counties. The organization has 27 member districts.

METHODOLOGY

The principal methodology used in this rating 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

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