

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aaa to Gateway Technical College District, WI's 2024-2025C GO notes

06 Dec 2024

New York, December 06, 2024 -- Moody's Ratings (Moody's) has assigned a Aaa rating to Gateway Technical College District, WI's General Obligation Promissory Notes, Series 2024-2025C with a proposed par amount of \$4 million. We maintain a Aaa rating on the district's outstanding general obligation unlimited tax (GOULT) debt. Post-sale, the district will have about \$79 million in outstanding debt.

RATINGS RATIONALE

The Aaa rating reflects the district's extraordinarily large, diverse tax base fully valued at about \$80 billion, and low leverage, with combined debt and pension burdens amounting to less than 2x operating revenue. The financial position is solid, with net current assets equal to about 30% of operating revenue. The district also has a strong and demonstrated ability to manage expenditures, which will continue to support solid financial performance despite its limited revenue-raising ability. Enrollment has declined over the past decade but is projected to improve further with about a 2% increase in fiscal 2025 (year-end June 30) as compared to the prior year.

RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Narrowing of operating reserves or liquidity below similarly rated peers
- Growth in the combined debt or pension burden to above 3x operating revenues

LEGAL SECURITY

Debt service on the district's GOULT debt, including the current issuance, is supported by a designated property tax not limited by rate or amount.

USE OF PROCEEDS

Proceeds will finance building remodeling and improvement projects and the acquisition of movable equipment.

PROFILE

Gateway Technical College District is located 20 miles south of Milwaukee and provides vocational education to about 4,000 full-time equivalent students within Kenosha, Walworth, and Racine counties.

METHODOLOGY

The principal methodology used in this rating was US Special Purpose District General Obligation Debt Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/394972>. Alternatively, please see the Rating Methodologies page on <https://ratings.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 on <https://ratings.moodys.com/rating-definitions>.

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