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Hillsborough County School District, FL Certificate Rating Lowered To 'A' On Available Reserve Decline

CENTENNIAL (S&P Global Ratings) April 13, 2021--S&P Global Ratings lowered its rating to 'A' from 'AA-' on Hillsborough County School District, Fla.'s existing certificates of participation. The outlook is negative. The 'A' priority lien rating, with a stable outlook, on the district's sales tax bonds is unaffected at this time; however, further deterioration in general creditworthiness could result in a lower rating.

Basic rent payments from the school board to the Hillsborough School Board Leasing Corp. secure the district's certificates of participation (COPs). The applicable supplemental leases are automatically renewed annually, but the rent payments are subject to annual appropriation. The COPs are issued in accordance with a master-lease structure, under which failure to appropriate for one series of lease payments causes the termination of all leases. We rate the COPs one notch lower than the district's general creditworthiness to account for the presence of appropriation risk.

"The rating action reflects a material decline in available reserves to 4% of expenditures at fiscal-year-end 2020 compared to reserves of 6% to 7% of expenditure in fiscal years 2015 through 2019," said S&P Global Ratings credit analyst Kimberly Barrett. "The negative outlook reflects our view that there is at least a one-in-three chance we could further lower the rating if there are additional declines in reserves such that available fund balance falls below the state guideline of 3% of expenditures."

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the

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