

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings assigns Aaa UND/Aaa ENH to Richardson ISD, TX's GOULT, Series 2026; outlook negative**

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07 May 2026

New York, May 07, 2026 -- Moody's Ratings (Moody's) has assigned Aaa underlying and Aaa enhanced ratings to the Richardson Independent School District, TX's (the district) Unlimited Tax School Building Bonds, Series 2026 in the anticipated par amount of \$190.6 million. We maintain a Aaa on the district's issuer rating and outstanding general obligation unlimited tax (GOULT) debt ratings. The district has roughly \$1.1 billion in outstanding GOULT debt, post-sale. The outlook on the issuer and underlying ratings remains negative.

#### RATINGS RATIONALE

The Aaa issuer rating reflects the district's favorable location within the Dallas metropolitan area exhibiting average resident income levels and a long history of strong financial performance, with reserves that have exceeded 40% of operating revenue in recent years. However, the district is experiencing rising fiscal pressure driven by sustained enrollment declines related to demographic trends and lower birth rates, alongside growing expenditures. Following a \$17.2 million operating draw at fiscal year-end 2025, the district anticipates a large deficit close to the \$28.6 million budgeted draw in fiscal 2026, which will reduce previously strong financial flexibility. While management plans to implement expenditure reductions beginning in fiscal 2027, continued enrollment declines will limit the district's ability to fully eliminate the structural imbalance, though reserves are expected to remain solid above 30% of operating revenue.

In addition, the rating reflects expectations for materially higher leverage as the district issues significant debt under its recently approved \$1.4 billion bond program. As a result, leverage is projected to increase to nearly 400% of operating revenue over the next couple of years from approximately 260% pre-authorization, a level that is well above Aaa rated peers. Fixed costs are also expected to rise to more than 25% of operating revenue, reflecting elevated carrying costs and increasing pressure on the district's budgetary flexibility.

The Aaa rating assigned to the district's general obligation unlimited tax bonds is equivalent to the Aaa issuer rating given an unlimited property tax pledge that is dedicated for debt service and levied upon all taxable property within the district.

The Aaa enhanced rating is based on the rating of the Texas Permanent School Fund (PSF) and the structure and legal protections of the transaction which provide for timely payment by the PSF if necessary. We currently rate the Texas Permanent School Fund Aaa stable.

#### RATING OUTLOOK

The negative outlook on the issuer and underlying ratings reflects expectations for sharply rising leverage driven by substantial debt issuance under the district's \$1.4 billion bond program, resulting in metrics that are no longer consistent with Aaa-rated peers. In addition, the outlook incorporates persistent structural imbalance that will likely remain through fiscal 2027, which will weaken previously strong financial flexibility.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Increase in long-term liabilities that approaches 400% of operating revenue
- Trend of operating imbalances leading to an available fund balance of less than 25% of operating revenue
- Continued declining enrollment trend that leads to unbalanced operations

#### PROFILE

Richardson ISD is in the north central portion of Dallas County, 15 miles north of downtown Dallas. Encompassing 46 square miles, the district serves the City of Richardson and portions of Garland and Dallas. The district currently operates 50 campuses and provides pre-K through 12th grade education to approximately 37,000 students.

#### METHODOLOGY

The principal methodology used in the underlying rating was US K-12 Public School Districts published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455984>. The principal methodology used in the enhanced rating was Guarantees, Letters of Credit and Other Forms of Credit Substitution Methodology published in July 2022 and available at <https://ratings.moodys.com/rmc-documents/386295>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

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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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