



(/en\_US/web/guest/home)

# San Francisco Unified School District, CA GO Bond Outlook Revised To Positive On Formal OPEB Funding Plan

14-Mar-2017 18:26 EDT

[View Analyst Contact Information](#)

SAN FRANCISCO (S&P Global Ratings) March 14, 2017--S&P Global Ratings revised its outlook to positive from stable and affirmed its 'AA-' long-term rating on San Francisco Unified School District, Calif.'s outstanding general obligation (GO) bonds. At the same time, S&P Global Ratings assigned its 'AA-' long-term rating to the district's election of 2016, series A GO bonds and 2017 GO refunding bonds.

"The revised outlook reflects our view of the district's sustained strengthening of available reserves, virtually stable enrollment trend despite rising housing costs, and progress in its efforts to address its other postemployment benefits, or OPEBs, liability with its proposal to create an irrevocable trust for its OPEB," said S&P Global Ratings credit analyst Benjamin Geare. "The outlook revision also takes into account the change in our view of the district's financial management policies and practices."

The rating further reflects our view of the district's:

Underlying economic base that is central to the very large and diverse San Francisco Bay Area;  
Very strong to extremely strong wealth and income indicators and robust employment growth in its service area; and  
Multiple revenue streams, which is a situation that is not common among other districts in the state, reflecting a pattern of strong voter support.

The positive outlook reflects our opinion that there is a one-in-three chance that we could raise the rating within our two-year outlook horizon. If the district is able to maintain available reserves near the 2016 level relative to expenditures and move forward with a more formal plan to fund its OPEB liability, including establishing an irrevocable trust and committing to a funding plan, we could raise the rating. Alternately, we could also raise our rating if the district secures additional sources of revenue flexibility, resulting in a significant reduction to its reliance on state funding, by, for example, achieving and maintaining basic-aid status. However, if the district spends down balances as shown in its forecast to levels we consider adequate to good, we could revise the outlook back to stable.

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](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com) and at [www.spcapitaliq.com](http://www.spcapitaliq.com). All ratings affected by this rating action can be found on the S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

Primary Credit Analyst: Benjamin P Geare, San Francisco (415) 371-5047;  
[benjamin.geare@spglobal.com](mailto:benjamin.geare@spglobal.com) (mailto:benjamin.geare@spglobal.com)

Secondary Contact: Chris Morgan, San Francisco (1) 415-371-5032;  
[chris.morgan@spglobal.com](mailto:chris.morgan@spglobal.com) (mailto:chris.morgan@spglobal.com)

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY

AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (<http://www.standardandpoors.com>) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (<http://www.ratingsdirect.com>) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (<http://www.globalcreditportal.com>) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees) (<http://www.standardandpoors.com/usratingsfees>).

Any Passwords/user IDs issued by S&P to users are single user-dedicated and may ONLY be used by the individual to whom they have been assigned. No sharing of passwords/user IDs and no simultaneous access via the same password/user ID is permitted. To reprint, translate, or use the data or information other than as provided herein, contact S&P Global Ratings, Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-7280 or by e-mail to: [research\\_request@spglobal.com](mailto:research_request@spglobal.com) ([mailto:research\\_request@spglobal.com](mailto:research_request@spglobal.com)).

[Legal Disclaimers \(/en\\_US/web/guest/regulatory/legal-disclaimers\)](#)

[Careers at S&P Global Ratings \(<http://www.spglobal.com/careers>\)](#)

[Terms of Use \(/en\\_US/web/guest/regulatory/termsfuse\)](#)

[Privacy and Cookie Notice \(/en\\_US/web/guest/regulatory/privacy-notice\)](#)

Copyright © 2017 Standard & Poor's Financial Services LLC. All rights reserved.

Reproduction and distribution of this information in any form is prohibited except with the prior written permission of Standard & Poor's Financial Services LLC and its affiliates (together, "S&P"). S&P does not guarantee

the accuracy, completeness, timeliness or availability of any information, including ratings, and is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of this information, including ratings. S&P ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice. Please read our complete disclaimer [here](/en_US/web/guest/regulatory/legal-disclaimers). (/en\_US/web/guest/regulatory/legal-disclaimers)