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Public Finance

Tax Supported / U.S.A.

Socorro Independent School District, Texas

Unlimited Tax Refunding Bonds

New Issue Report

Ratings

New Issue
 Unlimited Tax Refunding Bonds, Series 2014A **AAA***

Outstanding Debt
 Unlimited Tax Bonds **AA-**

*The AAA long-term rating on the bonds reflects the guaranty provided by the Texas Permanent School Fund (PSF), whose insurer financial strength is rated 'AAA' by Fitch Ratings. The bonds' underlying long-term rating, reflecting the credit quality before consideration of the guaranty, is 'AA-'.

Rating Outlook
Stable

New Issue Details

Sale Information: \$52,860,000 Unlimited Tax Refunding Bonds, Series 2014A, expected to sell the week of May 26 via negotiation.

Security: Unlimited ad valorem tax levied against all taxable property within Socorro Independent School District (the district). The bonds will also carry the Texas Permanent School Fund guaranty, whose bond program is rated 'AAA' by Fitch Ratings.

Purpose: To refund a portion of the district's outstanding debt for interest cost savings.

Final Maturity: Aug. 15, 2031.

Key Rating Drivers

Strong Financial Profile: The district's financial position remains sound, as indicated by the maintenance of strong reserve levels. Flexibility is also derived from the comfortable margin on the operating and maintenance tax rate.

Significant State Support: Due to its low wealth levels, the district receives considerable state aid for operations.

Promising Growth Prospects: Ample and affordable land and location within the broader El Paso metropolitan statistical area have fueled steady population and enrollment growth. Enrollment gains are projected to continue at a moderated pace given current development trends.

High Debt Burden: The district's debt levels rose rapidly with the issuance of the 2011 bond program over the past three years. Continued enrollment growth as projected will likely require additional debt issuance. Principal amortization of existing debt is slow.

Rating Sensitivities

Shift in Fundamentals: The rating is sensitive to shifts in fundamental credit characteristics, including the district's healthy financial profile. The district's maintenance of solid reserves, while addressing large and ongoing capital needs, is a key credit consideration.

Related Research

Fitch Rates Socorro ISO, Texas ULT Refunding Bonds 'AA-'; Outlook Stable (May 2014)

Socorro Independent School District, Texas (June 2013)

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