



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: April 15, 2013

AGENDA ITEM: Preliminary Budget Report for 2013-2014

PRESENTER: Earl Husfeld

ALIGNS TO BOARD GOAL(S): Financial/Facilities – The District shall exhibit excellence in financial and facility planning, management, and stewardship.

BACKGROUND INFORMATION:

- Per Section 44.002 of the Texas Education Code, “the Superintendent shall prepare, or cause to be prepared, a proposed budget covering all estimated revenue and proposed expenditures of the District for the following fiscal year.
- The budget must be prepared according to generally accepted accounting principles, rules adopted by the State Board of Education, and adopted policies of the Board of Trustees.
- Budgets for the General Fund, the Child Nutrition Fund, and the Debt Service Fund must be included in the official district budget and must be adopted by August 31st.

ADMINISTRATIVE CONSIDERATIONS:

- The District’s 2013-2014 budget development process is progressing on schedule. A copy of the 2013-2014 Budget Development Calendar that was presented to the Board of Trustees in January is included for our review.
- As noted in the March 2013 financial reports for the 2012-2013 fiscal year, revenues to date are meeting, and in some cases exceeding, budget projections. Expenditures to date are also meeting budget projections.
- During this report item, we will continue to discuss TASB recommendations to address the most significant issues in the District’s compensation plan, the estimated costs of these recommendations, and the impact on the preliminary 2013-2014 budget.
- Also included for our review and discussion, are rating reports from FitchRatings and Standard & Poor’s Rating Services. These reports contain a wealth of financial information about the District.

FISCAL NOTE:

None

ADMINISTRATIVE RECOMMENDATION:

None – Informational Report



ALEDO INDEPENDENT SCHOOL DISTRICT 2013-2014 BUDGET DEVELOPMENT CALENDAR



Date	Action	Performed By
Phase 1 - District Planning and Needs Assessment		
September 2012 - May 2013	Monitor Student Average Daily Attendance (ADA) at the End of Each Six Week Period. Monitor Ad Valorem Tax Collection Percentage at Each Month End.	Chief Financial Officer (CFO)
January 2013	Present 2013-2014 Budget Development Calendar to Superintendent for Comments and/or Changes	Superintendent and CFO
January 2013	Discuss with Principals Student Enrollment and Campus Staffing Projections	Deputy Superintendent
January 14, 2013	Present Budget Development Calendar/Process to School Board	Superintendent and CFO
January 16, 2013	Present Budget Development Calendar/Process to Administrative Staff	Superintendent and CFO
February 2013	Refine/Finalize Student Enrollment and Campus Staffing Projections	Deputy Superintendent
February 2013	Departments Submit Additional Staffing Requests, if any	Directors and Executive Directors
February 2013	Meetings with Principals, Directors, Executive Directors, and Others to Distribute Budget Instructions/Budget Worksheets	CFO
February 2013	Draft Report on Pay Systems Review Received	TASB HR Services Division
March 2013	Final Report on Pay Systems Review Received	TASB HR Services Division
March 1, 2013	Finalized Staffing Projections/Requests Due to Business Office	Deputy Superintendent and CFO
Phase 2 - Campus/Department Planning and Needs Assessments		
March 18, 2013	Regular Board Meeting - Budget Update - Present Additional Staffing Requests, if any, to Board of Trustees	Board of Trustees, Superintendent, Deputy Superintendent, and CFO
April 15-25, 2013	Receive Chapter 41 Preliminary Notification Announcement	Texas Education Agency
May 1-15, 2013	Preliminary Property Tax Roll Valuations Received	Parker County Appraisal District and Tarrant Appraisal District
May 10, 2013	Due Date for Requested Budgets to be Entered into TxEIS	Principals, Directors, Executive Directors, and Others
Phase 3 - Near Final District Planning		
May 15-20, 2013	Update Revenue Projections Based on Preliminary Property Tax Roll Valuations Received	CFO
May 15-31, 2013	Administrative Review of Campus/Department Requested Budgets	Superintendent and CFO
May 20, 2013	Regular Board Meeting - Budget Update	Board of Trustees, Superintendent, and CFO



ALEDO INDEPENDENT SCHOOL DISTRICT 2013-2014 BUDGET DEVELOPMENT CALENDAR



Date	Action	Performed By
June 7-17, 2013	Receive Student Average Daily Attendance (ADA) numbers for 2012-2013 school year	PEIMS Office
June 17, 2013	Regular Board Meeting - Budget Update	Board of Trustees, Superintendent, and CFO
June 17-24, 2013	Update Revenue Projections and Their Effect on Budget and Any Other Budget Changes	CFO
Phase 4 - Finalized District Planning and Decisions		
June 24, 2013	Called Board Meeting - Budget Workshop	Board of Trustees, Superintendent, and CFO
July 15-22, 2013	Receive Chapter 41 Official Notification Announcement	Texas Education Agency
July 22, 2013	Regular Board Meeting - Budget Update	Board of Trustees, Superintendent, and CFO
July 25, 2013	Certified Property Tax Roll Valuations Received	Parker County Appraisal District and Tarrant Appraisal District
July 26-31, 2013	Calculate Effective Tax Rate, Finalize Revenue Projections, and Their Effect on Budget and Any Other Budget Changes	Parker County Appraisal District, Tarrant Appraisal District, CFO, and Superintendent's Cabinet
August 16, 2013	Publish in Newspaper Notice of Public Meeting to Discuss 2013-2014 District Budget and Proposed Tax Rate (Published 10 to 30 days before public meeting.)	CFO
August 19, 2013	Regular Board Meeting - Budget Update	Board of Trustees, Superintendent, and CFO
August 26, 2013	Called Board Meeting; Official Public Meeting on Budget and Proposed Tax Rate; Board Meeting to Adopt the Budget	Board of Trustees, Superintendent, and CFO
August 26, 2013	Called Board Meeting; Official Public Meeting of School Board to Set Tax Rate; Board Meeting to Adopt Tax Rate	Board of Trustees, Superintendent, and CFO

Aledo Independent School District, Texas

Unlimited Tax Bonds New Issue Report

Ratings

New Issues^a

Unlimited Tax Refunding Bonds, Series 2013-A	AAA
Unlimited Tax Refunding Bonds, Series 2013-B	AAA

Outstanding Debt

Unlimited Tax Bonds	AA
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^aThe 'AAA' long-term rating on the bonds reflects the guaranty provided by the Texas Permanent School Fund, whose bond guaranty program 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

Related Research

[Fitch Rates Aledo ISD, TX's ULT Bonds 'AAA' PSF/AA' Underlying; Outlook Stable \(April 2013\)](#)

[Aledo Independent School District, Texas \(April 2012\)](#)

[Fitch Rates Aledo ISD, TX's ULT Bonds 'AAA' PSF/AA' Underlying; Outlook Stable \(April 2012\)](#)

[Fitch Confirms S-T 'F1+' Rating on Aledo ISD, TX VRBs, Ser 2006A \(September 2011\)](#)

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New Issue Details

Sale Information: \$8,985,000 Unlimited Tax Refunding Bonds, Series 2013-A, and \$16,985,000 Unlimited Tax Refunding Bonds, Series 2013-B, selling the week of April 8 via negotiation.

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

Purpose: To refund outstanding debt for interest cost savings and pay issuance costs.

Final Maturity: Series 2013-A: Feb. 15, 2031; Series 2013-B: Feb. 15, 2032.

Key Rating Drivers

Strong Financial Position: A string of operating surpluses after transfers has preserved strong reserve and liquidity levels. The district has successfully managed pressure from state budget cuts, in part through a tax rate restructuring.

Good Socioeconomic Profile: The district benefits from its proximity to the broad employment base of Fort Worth. Area employment indicators are positive, and wealth metrics are above average.

Tax Base Concentration and Volatility: Top taxpayers are heavily concentrated in the oil and gas industry due to the district's location over workable portions of the Barnett Shale natural gas formation. Taxable assessed valuation (TAV) remains soft due to declining oil/gas valuations.

Weak Debt Profile: Overall debt ratios and annual debt carrying costs are high due to the capital pressures from a previously rapid pace of enrollment growth. Amortization is slow, in part due to the use of capital appreciation bonds (CABs).

Limited Pension and OPEB Liabilities: Employee pensions and other post-employment benefits (OPEB) are primarily a burden of the state, resulting in very low annual retiree costs for the district.

Rating Sensitivities

Material Decline in Fiscal Cushion: With regard to the 'AA' underlying rating, Fitch views the district's strong level of operating reserves as a key credit offset to the high debt levels and artificially low debt service tax rate.

Worsening Debt Profile: Sustained TAV weakness and/or additional debt issuance without corresponding TAV growth could also pressure the underlying rating.

Rating History

Rating	Action	Outlook/ Watch	Date
AA	Affirmed	Stable	4/3/13
AA	Affirmed	Stable	4/10/12
AA	Upgraded	Stable	9/16/10
AA-	Revised	Stable	4/30/10
A	Upgraded	Stable	7/7/08
A-	Affirmed	Stable	10/25/07
A-	Affirmed	Stable	9/20/05
A-	Affirmed	Stable	8/17/06
A-	Affirmed	Stable	10/7/05
A-	Assigned	—	4/15/05

Credit Profile

Aledo ISD is located primarily in Parker County and includes the city of Aledo, a small, historically agricultural center. Aledo is located 19 miles west of Fort Worth (GOs rated 'AA+'/'Stable by Fitch) near Interstate Highway 20.

Affluent Resource Base Near Broad and Stable Fort Worth Economy

Aledo continues to transition from an agriculture-based economy to an affluent bedroom community of Fort Worth. Numerous high-end residential developments have been completed in recent years. As a result, market value per capita is above average, at \$154,000 in fiscal 2013. Residents are well-educated and affluent; the median household income in Parker County is 125% of state and 121% of U.S. income, respectively.

Residents benefit from proximity to the broad employment base and stable economy of Fort Worth, and area employment and wealth levels are a credit positive. Employment growth in Parker County continued, expanding 2.7% for the 12-month period ending December 2012 and improving the unemployment rate to a relatively low 5.4% from 6.3%. The county's unemployment rate is lower than metropolitan statistical area, state, and national figures.

Tax Base Affected by Mineral Valuations and Residential Development

The district's tax base is primarily residential, with some oil and gas exposure due to its location over parts of the Barnett Shale natural gas field. Recent declines in TAV have been due to weakness in oil/gas values, which made up 19% of fiscal 2011 TAV but fell to 10% of fiscal 2013 TAV due to decreased drilling activity and weak natural gas prices. The impact to net TAV was a 6% decline in fiscal 2012 and marginal 0.6% contraction in fiscal 2013.

Officials expect a stable-to-positive TAV trend in the next few years, with further oil/gas contraction expected to be offset by gains in residential values. District residential valuations have remained positive, and area home prices according to Zillow indicate a 6.7% year-over-year gain for Aledo in February 2013. Over the near term, TAV growth may accelerate as construction of a very large residential subdivision (Walsh Tarlton) commences.

Top taxpayer and industry concentration is a concern. The top 10 taxpayers comprised an above-average 14.7% of fiscal 2013 TAV, and nearly all of the top 10 payers are oil- and gas-related companies. However, the large residential component of the tax base, stable home valuations, and prospects for continuing residential development help mitigate the concern of concentration risk.

Historical enrollment gains averaged just over 4% annually from 2005–2009 but slowed to less than 1% in recent years as housing construction stalled. Management expects this lower level of growth to continue before picking up in 2015 as the housing market strengthens; the district retains ample room for development.

Positive Operating Margins Boosted by Change in Tax Rate Structure

The district has generated operating surpluses in five of the past six fiscal years. Given the relatively high property tax wealth per student, local property taxes are the main source of general fund revenues. The district swapped a portion of its operating and debt service tax rates in fiscal 2011 (\$0.13, or 9% of the total tax rate) with voter approval, increasing the operating tax rate and decreasing the debt service tax rate by an equivalent amount to yield enhanced state and local revenues for operations but an annual debt service fund shortfall of

Related Criteria

U.S. Local Government Tax-Supported Rating Criteria (August 2012)

Tax-Supported Rating Criteria (August 2012)

just under \$3 million. To date, this shortfall has been made whole by the use of the debt service fund balance.

Fitch views the use of this tax rate structure with concern but notes the debt service tax rate can be raised as needed (without voter approval), thereby easing pressure on the general fund, and the tax rate swap could be reversed, if necessary.

Strong Fiscal Cushion Maintained Despite State Funding Cuts

Net fiscal 2012 results across the general and debt service funds were essentially break-even, with the \$2.8 million general fund operating surplus after transfers equal to the \$2.8 million deficit in the debt service fund. Management absorbed a \$2.2 million state funding cut (6% of general fund revenues) through spending reductions and use of one-time federal aid totaling about \$700,000. The fiscal 2012 unrestricted fund balance equaled \$19.7 million, or nearly 57% of operating expenditures, and year-end cash/investment balances improved to 17.0x coverage of current liabilities.

The fiscal 2013 \$36.5 million operating budget forecasts a \$1.8 million operating deficit after transfers (equal to 5% of spending) due to additional state funding cuts, increased staffing needs, and cessation of one-time federal aid. However, Fitch notes that past budgets have been quite conservative and believes year-end results will be better than forecast. The deficit includes a \$1.0 million transfer out for debt service, which, together with \$1.8 million of debt service fund balance and \$6.0 million of debt service property taxes, will be used to meet the \$8.8 million debt service payment in fiscal 2013. The year-end cash balances in the debt service fund would fall to about \$500,000, which is the district's informal fund balance floor for this fund.

Going forward, the district plans to incrementally raise the tax rate and use some general fund balance for debt service over the next few years; the use of the general fund balance will be driven by the magnitude of the tax rate increase the board determines in fiscal 2014. The district does not have a formal fund balance target, but Fitch views the presence of a significant fiscal cushion as a key credit offset to the high debt and concentrated taxpayer base risk factors.

General Fund Financial Summary

(\$000, Audited Fiscal Years Ended Aug. 31)

	2008	2009	2010	2011	2012
General Fund Revenue	33,538	33,251	32,893	37,121	37,690
General Fund Expenditures	31,520	33,972	32,433	32,660	34,872
Operating Surplus/(Deficit)	2,018	(721)	460	4,461	2,818
Other Sources	147	191	85	79	60
Transfers Out	100	0	0	9	21
Net Surplus/(Deficit)	2,065	(530)	545	4,531	2,857
Total Fund Balance	12,307	11,778	12,323	16,856	19,713
As % of Expenditures, Transfers Out, and Other Uses	38.9	34.7	38.0	51.6	56.5
Unreserved Fund Balance ^a	12,307	11,778	12,323	—	—
As % of Expenditures, Transfers Out, and Other Uses	38.9	34.7	38.0	—	—
Unrestricted Fund Balance ^b	—	—	—	16,856	19,713
As % of Expenditures, Transfers Out, and Other Uses	—	—	—	51.6	56.5

^aPre-GASB 54. ^bReflects GASB 54 classifications: sum of committed, assigned, and unassigned. Note: Numbers may not add due to rounding.

Texas School District Litigation

In February 2013, a district judge ruled that the state's school finance system is unconstitutional. The ruling, which was in response to a consolidation of six lawsuits representing 75% of Texas schoolchildren, found the system "inefficient, inequitable, and unsuitable and arbitrarily funds districts at different levels...". The judge also cited inadequate funding as a constitutional flaw in the current system.

Fitch will monitor the appeal process of the suit, which may go directly to the state supreme court. If the supreme court upholds the lower court ruling, the state Legislature will be directed to make changes to the system to restore its constitutionality. Fitch would consider any changes that include additional funding for schools a positive credit consideration.

Debt Profile a Credit Weakness, But Near-Term Debt Plans are Limited

Overall debt levels are very high, particularly on a per capita basis, at \$9,878. This debt calculation includes the accreted interest of CABs. The annual debt burden on the budget is also high, at 18% of fiscal 2012 governmental fund spending, and rises to 20% of spending in fiscal 2013. Annual debt service is level but the pace of amortization is slow, which also reflects the use of CABs to minimize the tax rate impact on current taxpayers.

The district has approximately \$6 million in remaining but unissued authorization from a 2008 bond election, but has no definite plans to issue the bonds. The recent slowdown in enrollment has provided the district a reprieve from building pressures, which Fitch believes will prevent increases to key debt ratios over the near term. The district's current debt service tax rate of roughly \$0.25 per \$100 of TAV is well below the \$0.50 statutory cap for new issuance approval, due in large part to the recent tax rate swap.

Pension liabilities are not a credit pressure. The district contributes to the state's Teacher Retirement System (TRS), a cost-sharing multiple employer plan, and also provides other OPEB through TRS. Combined pension and OPEB spending by the district was less than 1% of fiscal 2012 governmental fund spending.

Debt Statistics

(\$000)	
ULT Refunding Bonds, Series 2013-A and 2013-B	25,970
Plus: Outstanding Direct Debt — Net of Refunding	119,121
Plus: Accretion of Capital Appreciation Bonds	13,337
Self-Supporting	0
Total Net Direct Debt	158,428
Plus: Overlapping Debt	46,708
Total Overall Debt	205,136
Debt Ratios	
Net Direct Debt Per Capita (\$) ^a	7,629
As % of Market Value ^b	4.9
Overall Debt Per Capita (\$) ^a	9,878
As % of Market Value ^b	6.4

^aPopulation: 20,767 (2013). ^bMarket value: \$3,206,421,000 (fiscal 2013). Note: Numbers may not add due to rounding.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

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RatingsDirect®

Summary:

Aledo Independent School District, Texas; General Obligation; School State Program

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Rationale

Outlook

Related Criteria And Research

Summary:

Aledo Independent School District, Texas; General Obligation; School State Program

Credit Profile

US\$16.985 mil unlt'd tax rfdg bnds ser 2013-B due 02/15/2032

<i>Long Term Rating</i>	AAA/Stable	New
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<i>School Issuer Credit Rating</i>	AA-/Stable	New
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US\$8.985 mil unlt'd tax rfdg bnds ser 2013-A due 02/15/2031

<i>Long Term Rating</i>	AAA/Stable	New
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<i>School Issuer Credit Rating</i>	AA-/Stable	New
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Aledo Indpt Sch Dist Texas PSF

<i>Long Term Rating</i>	AAA/Stable	Affirmed
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<i>School Issuer Credit Rating</i>	AA-/Stable	Upgraded
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Rationale

Standard & Poor's Ratings Services raised its issuer credit rating (ICR) to 'AA-' from 'A+' on Aledo Independent School District (ISD), Texas' general obligation (GO) debt outstanding. The raised rating is due primarily to our view of the district's significantly strengthened financial position. At the same time, Standard & Poor's assigned its 'AA-' ICR and 'AAA' enhanced program rating to the district's series 2013A and series 2013B unlimited-tax refunding bonds. Finally, Standard & Poor's affirmed its 'AAA' enhanced program rating on certain series of the district's outstanding GO debt. The outlook on all ratings is stable.

The 'AAA' enhanced program rating reflects the district's eligibility for, and participation in, the Texas Permanent School Fund bond guarantee program, which provides the security of a permanent fund of assets that the district can use to meet debt service on bonds guaranteed by the program.

The 'AA-' rating reflects our view of the district's:

- Access to the deep, diverse Fort Worth, Texas-Arlington, Texas MSA economy and labor market;
- Very strong income and extremely strong wealth levels; and
- Continued enrollment growth, coupled with management's ability to effectively manage associated growth-driven capital pressures.

In our view, the preceding credit strengths are partly offset by the district's:

- Moderately high overall net debt burden as a percent of market value, and
- Elevated debt service carrying charges, coupled with slower-than-average amortization of debt principal.

The bonds are direct obligations of the district, payable from a continuing, direct annual ad valorem tax levied by the district, without legal limitation as to rate or amount, on all taxable property within the district. Bonds proceeds will be

used to refund a portion of the district's outstanding GO debt to achieve net present value savings.

Aledo ISD's financial position is, in our opinion, very strong. Following three years of significant general fund surpluses, the district closed fiscal 2012 with a total available general fund balance of approximately \$19.7 million, or 56.5% of operational expenditures, which we consider very strong. As is common practice for the district, district officials adopted a deficit budget for fiscal 2013 of approximately \$1.8 million, but due to conservative budgeting management believes that the actual draw down will be closer to \$500,000. For fiscal 2013, state funding to the district was cut by \$3 million. For fiscal 2012, the district was classified as property wealthy under the state's funding formula, which requires it to return part of its locally collected revenues to the state for distribution among property-poor districts. Property taxes and state aid, the principal income sources, accounted for 78% and 22%, respectively, of fiscal 2012 general fund revenues. For fiscal 2013, the district levied a property tax rate of \$1.4252 per \$100 of assessed value (AV), \$1.17 of which is levied for operations and maintenance and 25.52 cents of which is levied for debt service. The levy of \$1.17 for operations and maintenance was approved by the district's voters in a tax ratification election in August 2010.

Aledo ISD, with a population of about 21,000, is located 19 miles west of Fort Worth in southeastern Parker County and western Tarrant County. The 131-square-mile district serves Aledo, Texas, a bedroom community. The average price of a home in the district is roughly \$260,000. Employment opportunities within the district are centered primarily in the oil and gas sector although some district residents commute into Fort Worth for additional employment opportunities.

The presence of the 7,300-acre Walsh Ranch master-planned community and of the oil and gas sector in the district has contributed to the district's tax base growth and diversification. The district's AV increased to more than \$2.6 billion in fiscal 2011 from \$1.2 billion in fiscal 2006, or by a cumulative 104%. Due to fluctuations in oil and gas prices, the district's AV declined by 5.7% in fiscal 2012 and by less than 1% in fiscal 2013 to approximately \$2.5 billion. There is no concentration among the district's leading taxpayers, in our opinion. EnerVest Operating LLC., an oil and gas company and the principal taxpayer, accounts for 3.18% of fiscal 2013 AV. The district's median household effective buying income is very strong, in our view, at 168% of the national level. Market value per capita, an indication of wealth specific to the district, is \$120,041, which we consider extremely strong.

Student enrollment has steadily increased during the past five years by an annual average rate of about 1.3%, and as of Oct. 1, 2012 enrollment totaled 4,728. While growth has been moderate in recent years, this enrollment figure represents an increase of more 1,000 students, or about 36% growth, in the past 10 years. District officials expect enrollment will continue to increase by roughly 1% for the next year and by between 2% and 3% annually for the following two years. The county's unemployment rate of 6.2% in fiscal 2012 was below the state's 6.8% and the nation's 8.1% rates.

Standard & Poor's considers Aledo ISD's management practices "good" under its financial management assessment (FMA) methodology, indicating that financial practices exist in most areas but that governance officials might not formalize or regularly monitor all of them.

The district contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple-employer,

defined-benefit pension plan. District contributions to the TRS totaled \$188,559 (less than 1% of general fund expenditures) in fiscal 2012, or 100% of its annual required contribution (ARC). For its retiree health care benefits, the district contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing, multiple-employer, defined-benefit plan. District contributions to TRS-Care totaled \$114,248, (less than 1% of general fund expenditures), or 100% of its ARC, in fiscal 2012.

We view the district's overall net debt burden as high on a per capita basis, at approximately \$9,330, and moderately high as a percent of market value, at 7.8%. Debt service carrying charges accounted for 19% of expenditures in fiscal 2012, which we consider elevated. The district's debt amortization schedule is slower than average, with about 23% of principal retiring during the next 10 years and all debt currently scheduled to retire by 2043. District officials expressed that they have no plans to issue additional debt within the next two years.

The district has one series of variable-rate bonds outstanding, the series 2006A variable-rate unlimited-tax GO school building bonds, which account for about 10.5% of the district's total debt outstanding. The interest rate on the variable-rate debt resets weekly, with a debt amortization schedule ending in 2035. There is a standby bond purchase agreement in place with JP Morgan Chase Bank N.A., which the district could call on in the event of a failed remarketing. To date the district has had no failed remarketings.

Outlook

The stable outlook on the program rating reflects our opinion of the strength and liquidity of the Texas Permanent School Fund guarantee. The stable outlook on the ICR reflects our anticipation that during the two-year outlook time frame the district will likely maintain its very strong financial position despite growth-driven pressures and state funding cuts. We also expect district officials will continue to effectively manage the district's growth without overburdening the district's taxpayers. As a result, we do not expect to change the rating further during the next two years.

Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: State Credit Enhancement Programs, Nov. 13, 2008

Ratings Detail (As Of April 2, 2013)

Aledo Indpt Sch Dist unlt'd tax rfdg bnds ser 2013-A due 02/15/2031

<i>Long Term Rating</i>	AAA/Stable	Rating Assigned
<i>School Issuer Credit Rating</i>	AA-/Stable	Rating Assigned

Aledo Indpt Sch Dist Texas PSF

<i>Long Term Rating</i>	AAA/A-1/Stable	Affirmed
<i>School Issuer Credit Rating</i>	AA-/Stable	Upgraded

Aledo Indpt Sch Dist GO

<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Upgraded
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Summary: Aledo Independent School District, Texas; General Obligation; School State Program

Ratings Detail (As Of April 2, 2013) (cont.)

Many issues are enhanced by bond insurance.

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