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Stephenville Independent School District, TX GO Debt Rating Raised To 'AA-' On Very Strong Reserves, Improved Management

Primary Credit Analyst:

Alexander L. Laufer, Dallas 214-765-5876; alexander.laufer@standardandpoors.com

Secondary Contact:

Jim Tchou, New York (1) 212-438-3821; jim.tchou@standardandpoors.com

NEW YORK (Standard & Poor's) Nov. 5, 2015--Standard & Poor's Ratings Services raised its underlying rating for credit program on Stephenville Independent School District, Texas' general obligation (GO) debt one notch to 'AA-' from 'A+'. The outlook is stable.

The upgrade reflects Standard & Poor's opinion of the district's maintenance of its very strong reserves, as well as the improvement in Standard & Poor's assessment of the district's financial management practices and policies.

"While we do not expect it to occur, we could raise the rating if economic expansion were to result in significantly improved wealth and income and if management were to reduce overall debt," said Standard & Poor's credit analyst Alexander Laufer. "We, however, could lower the rating if overall finances were to deteriorate, resulting in a decrease in fund balance below the district's formal fund balance policy."

The stable outlook reflects Standard & Poor's opinion that the district will likely sustain its very strong finances through stable state support and additional revenue derived from the tax ratification election. The rating service also expects enrollment to remain fairly stable during the two-year outlook period.

An unlimited ad valorem tax, levied on all taxable property in the district, secures the bonds.

RELATED CRITERIA AND RESEARCH

Related Criteria

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: Key General Obligation Ratio Credit Ranges - Analysis Vs. Reality, April 2, 2008
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

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