

RatingsDirect®

Summary:

Bossier Parish Parishwide School District, Louisiana; General Obligation

Primary Credit Analyst:

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

Secondary Contact:

Brian J Marshall, Dallas (1) 214-871-1414; brian_marshall@standardandpoors.com

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Summary:

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Credit Profile

US\$30.0 mil GO sch bnds ser 2013 due 03/01/2033

Long Term Rating

AA-/Stable

New

Bossier Parish-wide Sch Dist GO

Unenhanced Rating

AA-(SPUR)/Stable

Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' rating and stable outlook to Bossier Parish Parishwide School District, La.'s series 2013 general obligation (GO) school bonds and affirmed its 'AA-' rating, with a stable outlook, on the district's existing GO debt.

The rating reflects our opinion of the district's:

- Regional economy, anchored by Bossier City's and nearby Shreveport's service sectors, as well as Barksdale Air Force Base;
- Strong finances; and
- Low overall debt.

We believe the district's growth-related capital and operational pressures somewhat offset these strengths.

An unlimited ad valorem tax pledge secures the bonds. Officials plan to use bond proceeds to finance the construction of an elementary school and a middle school and fund renovations at an existing high school.

Bossier Parish Parishwide School District, with a population estimate of 119,593, is in northwest Louisiana, immediately across the Red River from Shreveport. The large district serves about 21,229 students on 37 campuses throughout Bossier Parish. Student enrollment has experienced, what we view as, modest growth over the past five years; enrollment growth has averaged 1.4% annually since fiscal 2006. Management is projecting student enrollment will grow by 300-400 annually.

Because of the area's recreational and entertainment facilities, the Shreveport metropolitan statistical area serves as a regional tourism center for Louisiana and the three contiguous states. The district benefits from its stable regional employment base, anchored by the gaming industry and Bossier Parish's four riverboat casinos. Leading employers include:

- Barksdale Air Force Base (10,284 employees),
- Four casinos (4,500), and
- Bossier Parish Parishwide School District (2,926).

We regard the Cyber Warfare Command Innovation Center's location in Bossier Parish as a positive economic development that should create 10,000 jobs through 2015 and that will likely attract high-tech-related companies to the parish. The military base already contributes an estimated \$430 million to the local economy, and the command innovation center should continue to attract new technology companies to the region. Residents have access to Shreveport employers, including several manufacturing facilities and health care centers. Parish unemployment was 4.2% for November 2012, which remained below state and national rates. Parish income is, in our opinion, good: Median household and per capita effective buying incomes were 97% and 91%, respectively, of 2012 national levels.

Fueled, in part, by casinos and other tourism activity, the property tax base continues to grow. Over the past five fiscal years, total taxable assessed value (AV) has increased by an average of 5% annually to \$910.5 million in fiscal 2013. Market value is an estimated \$8.2 billion, or, what we consider, a strong \$70,076 per capita. The tax base is diverse with the 10 leading taxpayers accounting for 18% of AV.

Finances remain, in our opinion, strong despite a \$7.1 million general fund balance drawdown in fiscal 2012 due to one-time capital improvements, costs associated with increased student enrollment, and increased employee benefit costs. At fiscal year-end 2012, available fund balance was \$15.7 million, or 8.3% of expenditures. Officials are projecting break-even operations for fiscal 2013, and they expect fund balance to remain stable. A decrease in natural gas drilling activity due to lower prices has negatively affected sales tax collections (a 3.2% decrease) in fiscal 2012, but the sales tax had previously grown by an aggregate 53% from fiscal years 2005-2011. State aid received through an enrollment-based formula accounts for 53% of general fund revenue while sales and property taxes generate 25% and 19%, respectively.

Standard & Poor's revised its Financial Management Assessment (FMA) on the district's financial management practices to "standard" from "good" under Standard & Poor's FMA methodology due to reserves decreasing below the two-month target for operating expenditures. A "standard" FMA indicates the finance department maintains adequate policies in some, but not all, key areas. Key practices include management's:

- Monthly updates to the school board on actual revenue and expenditures compared with budgeted levels,
- Review of the capital plan that identifies funding five years out, and
- Adherence to the board-approved investment policy.

The district hired a demographer for enrollment projections, and management's internal reserve goal is to maintain two months' operating expenditures. The district, however, has neither a formal long-term financial plan nor a debt management policy.

Following this issuance, overall net debt is, in our opinion, a low \$998 per capita, or 1.4% of market value. We consider debt amortization above average with officials planning to retire roughly 57% of principal over 10 years. Carrying charges are, in our view, a low 3.4% of governmental expenditures. We understand the district received authorization in April 2012 to issue up to \$210 million of additional debt. This issue represents the second issuance under that authorization; management still has \$140 million remaining of the authorization to issue. Officials do not currently have definitive plans to issue additional bonds within the next two years, but they do not intend to exceed 13.55 mills for debt service so additional debt is partially dependent on tax base growth.

Substantially all school board employees participate in either the Louisiana Teachers' Retirement System or the Louisiana School Employees' Retirement System, which are cost-sharing, multiple-employer, public employee retirement systems. The state approves contribution rates. In fiscal 2012, aggregate school board contributions to both plans totaled \$27.3 million, which represented the required contribution for the year and 14.4% of operating expenses. The board offers health care benefits to retirees, which the board funds through pay-as-you-go financing. At fiscal year-end 2012, the board's portion of retiree premiums was \$12.7 million, or 6.7% of operating expenditures. Since the board is not funding the plan, the entire actuarial accrued liability of \$160.2 million was unfunded.

Outlook

The stable outlook reflects Standard & Poor's opinion that the district will likely sustain its balanced financial operations and maintain adequate reserves. Economic development, especially in consideration of the gaming industry, will likely continue to grow the property tax base, which should offset sales tax revenue decreases. We believe further reserve deterioration could place downward pressure on the rating; we, however, do not expect to change the rating within the outlook's two-year period.

Related Criteria And Research

- USPF Criteria: GO Debt, Oct. 12, 2006
- USPF Criteria: Financial Management Assessment, June 27, 2006

| Ratings Detail (As Of April 15, 2013) | | |
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| Bossier Parish Parishwide Sch Dist GO sch bnds | | |
| <i>Long Term Rating</i> | AA-/Stable | Affirmed |
| Bossier Parishwide Sch Dist GO | | |
| <i>Unenhanced Rating</i> | AA-(SPUR)/Stable | Affirmed |
| Bossier Parish Parishwide Sch Dist GO | | |
| <i>Unenhanced Rating</i> | AA-(SPUR)/Stable | Affirmed |
| Many issues are enhanced by bond insurance. | | |

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