S&P Global
Ratings

RatingsDirect®

Summary:

Corrigan-Camden Independent School District, Texas; General Obligation; School State Program

Primary Credit Analyst:
Stephen Doyle, New York + 1 (214) 765 5886; stephen.doyle@spglobal.com

Secondary Contact:
Allie Jacobson, Englewood 303-721-4242; allie.jacobson@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Texas Permanent School Fund

Related Research

Summary:

Corrigan-Camden Independent School District, Texas; General Obligation; School State Program

Credit Profile		
US$3.74 mil unltd tax sch bldg bnds ser 2024 dtd 09/01/2024 due 08/15/2030		
Long Term Rating	AAA/Stable	New
Underlying Rating for Credit Program	A+/Stable	New
Corrigan-Camden ISD GO (BAM)		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Credit Highlights

- S&P Global Ratings assigned its 'AAA' long-term enhanced rating and 'A+' underlying rating to Corrigan-Camden Independent School District, Texas' roughly $3.7 million series 2024 unlimited-tax general obligation (GO) school building bonds.
- At the same time, S&P Global Ratings affirmed its 'A+' underlying rating on the district's existing GO debt.
- The outlook is stable.

Security

Revenue from an unlimited ad valorem tax on all taxable property in the district secures its outstanding bonds. Officials intend to use series 2024 bond proceeds to fund various capital improvements to district facilities.

The long-term rating reflects our assessment of the district's qualification for, and the guarantee provided by, the Texas Permanent School Fund (PSF) bond guarantee program.

Credit overview

The 'A+' rating reflects the district's very strong financial profile and large, growing tax base, which offset below-average incomes, moderate taxpayer concentration, and moderate-to-high debt metrics. The local economy is rural with a focus on timber production and manufacturing. Recent tax base growth is mainly related to the expansion of one of the largest taxpayers within the district, which operates with a chapter 313 agreement in place. Under the agreement, the district can capture the full assessed valuation (AV) of the expanded development for its interest and sinking (I&S) debt service levy for repaying debt but AV is capped in relation to the maintenance and operations (M&O) levy and the district receives PILOT payment from the corporation.

ESSER funding has supported strong operating results for the past two or three years, but officials do not anticipate material changes to the budget once the funds are fully depleted later this year. For fiscal 2024, officials plan to intentionally reduce reserves by $1.8 million to fund one-time items including buses, a land purchase, and technology upgrades. Therefore, reserves will come down closer to 50% of expenditures, a level we still consider very strong. The fiscal 2025 budget is expected to be balanced with no drawdown of reserves. Like most districts across the state, management is focused on the state's next legislative session beginning in January 2025 to see what potential changes could come to state funding, particularly given the lack of per-pupil aid increases since 2019, during a period of increasing operating costs due to inflation. Management reported that there are currently no major issues with attracting or retaining staff, which is becoming an increasing issue across the state.

The district has no additional debt plans after this issuance but we expect metrics to remain moderate to high when compared to the tax base and population, respectively, given an average amortization schedule.

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

- Local economy anchored in timber and manufacturing industries, which has led to moderate taxpayer concentration, although the level of concentration has been stable;
- Maintenance of very strong reserves, with consistently positive operating results, though some decline is expected for fiscal 2024 for one-time items;
- Standard financial management policies and practices, highlighted by an informal reserve minimum of 25% of expenditures and consistent monitoring of budget-to-actual financial trends; and
- Moderate-to-high debt, partially offset by low pressure from pension and other postemployment benefit liabilities because the state contributes a sizable share of the employer contribution and carries responsibility for the proportionate share of the unfunded liability. (For more information on Texas' pension landscape, see "Pension Spotlight: Texas," published April 4, 2023, on RatingsDirect.)

Environmental, social, and governance

We view the district's environmental, social, and governance factors as neutral in our credit rating analysis.

Outlook

The stable outlook reflects our expectation that reserves will remain very strong, with management projecting at least balanced operations in fiscal 2024, and that debt metrics will not significantly change during the next two years.

Downside scenario

We could lower the rating if operating performance weakened on a sustained basis or if reserves declined materially below current projections.

Upside scenario

We could raise the rating if the district's economy were to deepen and further diversify and if income metrics were to improve to levels we consider in-line with those of higher-rated peers.

Texas Permanent School Fund

The 'AAA' rating reflects our view of the district's eligibility for, and participation in, the Texas PSF bond guarantee program, which provides for the payment of debt service on bonds guaranteed by the program, secured by the assets of the PSF of the State of Texas. (For more information on the program rating, see our summary analysis on the Texas PSF, published July 3, 2024.)

The stable outlook on the long-term program rating reflects our view of the Texas PSF's strength and liquidity.

Corrigan-Camden Independent School District, Texas -- Key credit metrics					
	Characterization	Most recent	Historical information		
			2023	2022	2021
Economic indicators					
Population			4,555	5,614	5,487
Median household EBI % of U.S.	Adequate		75	74	70
Per capita EBI % of U.S.	Adequate		79	72	76
Market value ($000s)		869,956	649,804	614,821	602,388
Market value per capita ($)	Extremely strong	190,989	142,657	109,516	109,785
Top 10 taxpayers % of taxable value	Moderately concentrated	38.0	37.9	37.8	38.7
Financial indicators					
Total available reserves ($000s)					
Available reserves % of operating expenditures	Very strong		80.3		
Total government cash % of governmental fund expenditures			143.9	58.1	51.8
Operating fund result % of expenditures			7.5	13.3	8.6
Financial Management Assessment	Standard				
Enrollment				819	789
Debt and long-term liabilities					
Overall net debt % of market value	Moderate	3.0	3.6	1.1	0.8
Overall net debt per capita ($)	High	5,776	5,124	1,190	897
Debt service % of governmental fund noncapital expenditures	Low		6.1	4.7	4.9
Direct debt 10-year amortization (%)					
Required pension contribution % of governmental fund expenditures			2.8	2.8	2.3
OPEB actual contribution % of governmental fund expenditures			0.6	0.6	0.5
Minimum funding progress, largest pension plan (%)			72.5	81.5	86.8

EBI--Effective buying income. OPEB--Other postemployment benefits.

Related Research

- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

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.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating

action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

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. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

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.spglobal.com/ratings (free of charge), and www.ratingsdirect.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.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.