

RatingsDirect®

Summary:

Bridgeport, Texas; General Obligation

Primary Credit Analyst:

Calix Sholander, Englewood + 1 (303) 721 4255; calix.sholander@spglobal.com

Secondary Contact:

Jackie Dove, Englewood + 3037214317; jackie.dove@spglobal.com

Table Of Contents

Credit Highlights

Outlook

Summary:

Bridgeport, Texas; General Obligation

Credit Profile		
US\$4.0 mil combination tax and rev certs of oblig ser 2025 dtd 05/01/2025 due 08/15/2055		
Long Term Rating	A+/Stable	New

Credit Highlights

- S&P Global Ratings assigned its 'A+' long-term rating to Bridgeport, Texas' proposed \$4 million series 2025 combination tax and revenue certificates of obligation (COs).
- At the same time, S&P Global Ratings affirmed its 'A+' long-term and underlying ratings on the city's COs and general obligation (GO) bonds outstanding.
- The outlook is stable.
- The rating is based on the application of our "Methodology For Rating U.S. Governments," published Sept. 9, 2024, on RatingsDirect.

Security

A limited ad valorem tax, levied on all taxable property within the city, secures the certificates and GO bonds. The certificates are also secured by a limited pledge of the surplus net revenue of the city's combined water and sewer system in an amount not to exceed \$1,000. Given the limitation of the net water and sewer system revenue pledge, the certificates are rated based on the city's ad valorem tax pledge. We do not differentiate between the city's limited-tax debt and its general creditworthiness since the ad valorem tax is not derived from a measurably narrower tax base and there are no limitations on the fungibility of resources. The certificates will fund various park projects.

Credit overview

Our view of Bridgeport's general creditworthiness reflects the city's growing tax base and stable finances, with below-average income metrics, which partially offset a slightly elevated debt burden.

Bridgeport is a relatively small but growing community, approximately 50 miles northwest of Fort Worth. Residential development has helped fuel Bridgeport's recently strong assessed value (AV) growth, with AV increasing by an average of 11% annually over the past five years. We believe residential development of single-family homes will continue to fuel AV growth; officials expect more than 2,000 homes to be added to the tax base at a rate of about 150-300 annually. While our most recent economic outlook forecasts slower GDP growth, it indicates housing starts will remain steady in 2025 and increase over the next two years (see "Economic Outlook U.S. Q2 2025: Losing Steam Amid Shifting Policies," published March 25, 2025,on RatingsDirect).

Increasing property and sales tax revenue has helped support generally positive operating performance, with general fund surpluses in four of the past five audited fiscal years. However, unaudited fiscal 2024 results show a \$396,917 (negative 5.6% of revenue) general fund deficit, which officials attribute to a combination of general and one-time

payroll increases. For fiscal 2025, the city adopted a balanced budget, with AV and sales tax revenue growth, in combination with targeted expenditure controls, leading to actual results tracking better than budget through the first quarter. While we expect continued tax base growth will support generally balanced operations over the two-year outlook period, the potential for slower economic growth and inflationary pressures could lead to tighter operating results than experienced over the past five years.

After this issuance, Bridgeport will have about \$31 million in direct debt outstanding, including leases and subscription-based IT arrangements. Although the city's growth needs might eventually require additional debt issuance, it does not have any immediate additional debt plans, and officials intend to incorporate capital needs into the operating budget as much as possible. We, therefore, do not expect a material change to the debt burden over the outlook period.

Credit fundamentals supporting the 'A+' rating include:

- The local economy has historically been anchored by oil and natural gas drilling and limestone quarrying; however, it has been diversifying over the past decade as growth out of the Dallas-Fort Worth metro area has spurred residential and commercial expansion throughout Wise County, where Bridgeport is located. Although the city's income metrics are improving, they remain below county levels.
- We expect operating results will be generally balanced with increasing property and sales tax revenue helping to offset higher expenditures from growth-related staffing needs and inflationary pressures.
- Unaudited fiscal 2024 results show available general fund reserves decreasing to \$2.6 million (37% of revenue), but we expect they will remain well above the city's minimum fund balance policy level of 15% of expenditures. The city has one privately placed debt obligation outstanding; however, we do not consider it a contingent liquidity risk.
- Budgetary assumptions are informed by historical data, outside sources, and regular salary surveys that, in combination with regular budget monitoring, have generally led to better than budgeted operating results. The city has also implemented basic debt, investment management, and fund balance policies. It does not maintain a formal long-term capital plan or financial forecast. Management has implemented policies and practices to help mitigate exposure to cybersecurity threats.
- The city's debt profile is slightly elevated but with no immediate additional tax-secured debt plans and above-average amortization. In our view, pension and other postemployment benefits (OPEBs) are not an immediate budgetary pressure due to adequate pension funding status and a limited OPEB liability. For more information, see "Pension Spotlight: Texas," published April 4, 2023.
- For more information on our institutional framework assessment for Texas municipalities, see "Institutional Framework Assessment: Texas Local Governments," published Sept. 9, 2024.

Environmental, social, and governance

The city's environmental, social, and governance factors are neutral in our credit rating analysis.

Outlook

The stable outlook reflects our expectation that continued tax base growth will support balanced operations and stable available reserves over the two-year outlook period.

Downside scenario

We could lower the rating if the city's available reserves significantly decrease because of persistent operating deficits or capital spending.

Upside scenario

We could raise the rating if consistently positive operations increase the city's available reserves nominally to levels comparable with those of higher-rated peers, and additional debt issuance does not significantly outpace tax base growth.

Table 1

Bridgeport, Texas--Credit summary	
Institutional framework (IF)	1
Individual credit profile (ICP)	3.14
Economy	5.0
Financial performance	3
Reserves and liquidity	1
Management	2.70
Debt and liabilities	4.00

Table 2

Bridgeport, Texas--Key credit metrics				
	Most recent	2023	2022	2021
Economy				
Real GCP per capita % of U.S.	67	67	66	65
County PCPI % of U.S.	84	84	84	84
Market value (\$000s)	682,520	541,678	464,889	430,440
Market value per capita (\$)	108,820	86,364	69,005	63,552
Top 10 taxpayers % of taxable value	9.1	11.0	10.3	
County unemployment rate (%)	3.9	3.7	3.5	4.9
Local median household EBI % of U.S.	102	102	89	
Local per capita EBI % of U.S.	74	74	68	
Local population	6,272	6,272	6,737	6,773
Financial performance				
Operating fund revenues (\$000s)		6,860	5,753	4,919
Operating fund expenditures (\$000s)		7,142	5,837	5,274
Net transfers and other adjustments (\$000s)		574	293	307
Operating result (\$000s)		292	209	(48)
Operating result % of revenues		4.3	3.6	(1.0)
Operating result three-year average %		2.3	0.9	2.7
Reserves and liquidity				
Available reserves % of operating revenues		43.8	47.2	51.0
Available reserves (\$000s)		3,007	2,714	2,509
Debt and liabilities				
Debt service cost % of revenues		13.8	19.1	77.1

Table 2

Bridgeport, Texas--Key credit metrics (cont.)				
	Most recent	2023	2022	2021
Net direct debt per capita (\$)	5,010	3,149	2,447	2,563
Net direct debt (\$000s)	31,422	19,750	16,486	17,357
Direct debt 10-year amortization (%)	62			
Pension and OPEB cost % of revenues		7.0	8.0	7.0
NPLs per capita (\$)		515	122	234
Combined NPLs (\$000s)		3,230	819	1,587

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings Detail (As Of April 2, 2025)

Bridgeport GO rfdg bnds (taxable)		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Bridgeport GO (AGI)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Bridgeport GO (AGI)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Bridgeport GO (AGI)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Bridgeport GO (AGI)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Bridgeport GO (BAM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

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 © 2025 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.