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Prosper Independent School District, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'a': Rapid taxable assessed value (TAV) and enrollment growth have led to strong revenue gains, outpacing U.S. GDP, and post-pandemic revenue growth prospects remain strong. Fitch expects future enrollment and revenue trends to mirror recent trends, based on current economic development. As is the case with other Texas school districts, Prosper ISD's independent legal ability to raise revenues is limited by state law. Expenditure Framework: 'aa': Fitch expects the natural pace of spending growth to remain slightly above revenue growth, reflecting operating costs for new schools and additional teachers and staff. State support for pension and other post-employment benefits (OPEBs) costs helps keep the fixed-cost burden moderate, and expenditure flexibility is solid. Long-Term Liability Burden: 'a': Fitch expects the long-term liability burden to remain elevated but still within the moderate range given the district's significant capital needs and needs of overlapping issuers over the medium to longer term. Operating Performance: 'aaa': Fitch anticipates the district will maintain a high level of operating flexibility due to its sound expenditure flexibility and supplemented by a sound reserve cushion. Fitch believes the district is well positioned to address challenges posed by future economic cycles. Conservative budgeting practices have helped management navigate the recent rapid growth.

ACCESS REPORT

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