

CREDIT OPINION

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Beeville Independent School District, TX

Update to credit analysis

Summary

The credit profile of [Beeville Independent School District, TX](#) (A1) benefits from a history of prudent financial management, allowing for the cash funding of numerous capital projects while maintaining solid reserves. While reserves remain satisfactory with the district's fund balance and cash ending fiscal 2024 at 31% and 27% of operating revenue, respectively, additional modest declines are expected in fiscal 2025 in support of one-time capital needs. The long-term liabilities ratio is manageable at 277% of fiscal 2024 revenue, inclusive of the Series 2025 bonds, and is expected to remain manageable with no near-term issuance plans. The credit profile is constrained by the district's trend of declining enrollment as well as resident incomes and full value per capita that lag peers.

Credit strengths

- » Prudent fiscal management with a history of solid financial reserves
- » Manageable leverage with no near-term plans for additional debt issuance

Credit challenges

- » Trend of declining enrollment
- » Below average resident income levels
- » Continued cash funding of capital projects could narrow reserves below similarly rated peers

Rating outlook

We do not assign outlooks to local government issuers with this amount of debt outstanding.

Factors that could lead to an upgrade

- » Trend of increasing enrollment
- » Improved resident income and property wealth levels comparable to Aa3 rated peers
- » Sustained moderation of long-term liabilities below 200% of operating revenue

Factors that could lead to a downgrade

- » Trend of operating deficits leading to declines in financial reserves below 17.5% of operating revenue
- » Increase in long-term liabilities ratio exceeding 400% of operating revenue

Key indicators

Exhibit 1

Beeville Independent School District, TX

	2021	2022	2023	2024	A Medians
Economy					
Resident income	79.5%	75.8%	85.7%	N/A	95.7%
Full value (\$000)	\$838,616	\$833,618	\$974,027	\$1,079,352	\$1,315,322
Population	26,392	26,144	26,229	N/A	14,266
Full value per capita	\$31,775	\$31,886	\$37,136	N/A	\$95,408
Enrollment	3,157	3,010	3,097	3,101	1,838
Enrollment trend	-1.6%	-3.3%	-1.6%	-0.6%	-1.4%
Financial performance					
Operating revenue (\$000)	\$33,945	\$35,885	\$35,984	\$38,190	\$31,151
Available fund balance (\$000)	\$15,699	\$15,239	\$13,419	\$11,823	\$7,998
Net cash (\$000)	\$17,763	\$13,140	\$14,291	\$10,201	\$8,915
Available fund balance ratio	46.2%	42.5%	37.3%	31.0%	26.4%
Net cash ratio	52.3%	36.6%	39.7%	26.7%	32.5%
Leverage					
Debt (\$000)	\$19,134	\$17,509	\$15,812	\$53,328	\$23,604
ANPL (\$000)	\$45,257	\$36,561	\$30,055	\$27,425	\$48,858
OPEB (\$000)	\$9,196	\$8,278	\$5,482	\$4,908	\$3,281
Long-term liabilities ratio	216.8%	173.7%	142.7%	224.3%	316.8%
Implied debt service (\$000)	\$997	\$1,342	\$1,223	\$1,098	\$1,599
Pension tread water (\$000)	\$1,167	\$671	\$1,226	N/A	\$883
OPEB contributions (\$000)	\$197	\$207	\$230	\$243	\$148
Fixed-costs ratio	7.0%	6.2%	7.4%	6.7%	10.6%

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [K12 Median Report](#).

Sources: US Census Bureau, Beeville Independent School District, TX's financial statements and Moody's Ratings

Profile

Beeville Independent School District is located in Bee County, Texas, approximately 90 miles southeast of [San Antonio](#) (Aaa stable). The district provides public K-12 education and has a current enrollment of approximately 3,100.

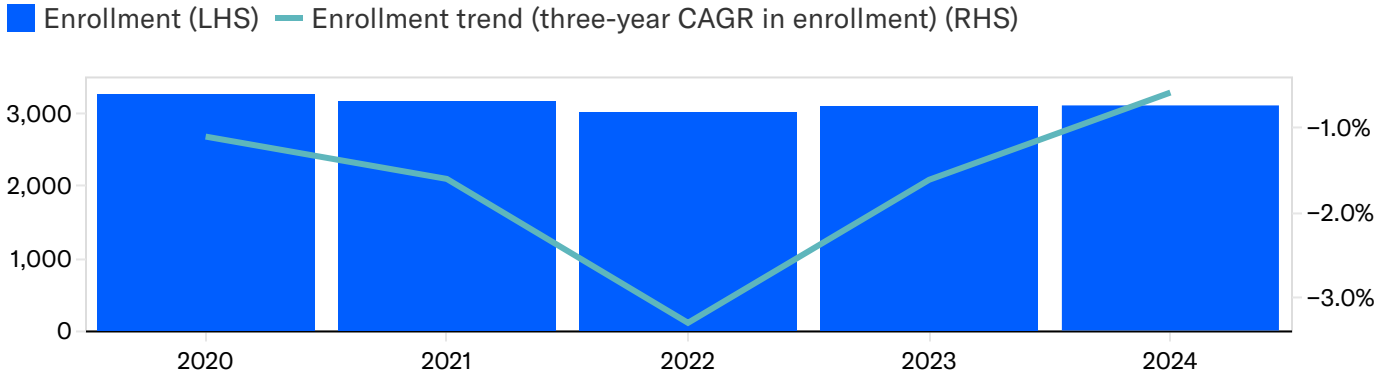
Detailed credit considerations

Beeville Independent School District is located near the Texas Gulf Coast, approximately 90 miles southeast of San Antonio and 50 miles northwest of [Corpus Christi](#) (Aa2 negative). The district's economy is somewhat limited though the tax base has seen growth over the past few years, reaching an assessed valuation (AV) of \$1.2 billion in fiscal 2025. The district's top ten taxpayers include a wind farm as well as oil and gas companies which have caused modest fluctuations in the district's AV over the past 10 years. While district enrollment declined with the onset of the pandemic, the district has seen modest gains in enrollment in the past two years and is projecting that enrollment will remain relatively flat over the next few years.

The district's financial profile remains satisfactory (see Exhibit 3) even as the district continues to cash fund capital projects from reserves. The district ended fiscal 2024 with fund balance and cash reserves at 31% and 27% of revenue, respectively, and is projecting an additional spend down of \$705,000 in fiscal 2025 to support capital needs. The district's leverage is manageable with a long-term liabilities equivalent to 277% of fiscal 2024 revenue, inclusive of the Series 2025 bonds. Leverage is expected to remain manageable with no remaining authorization and no near-term plans to approach voters for additional authorization.

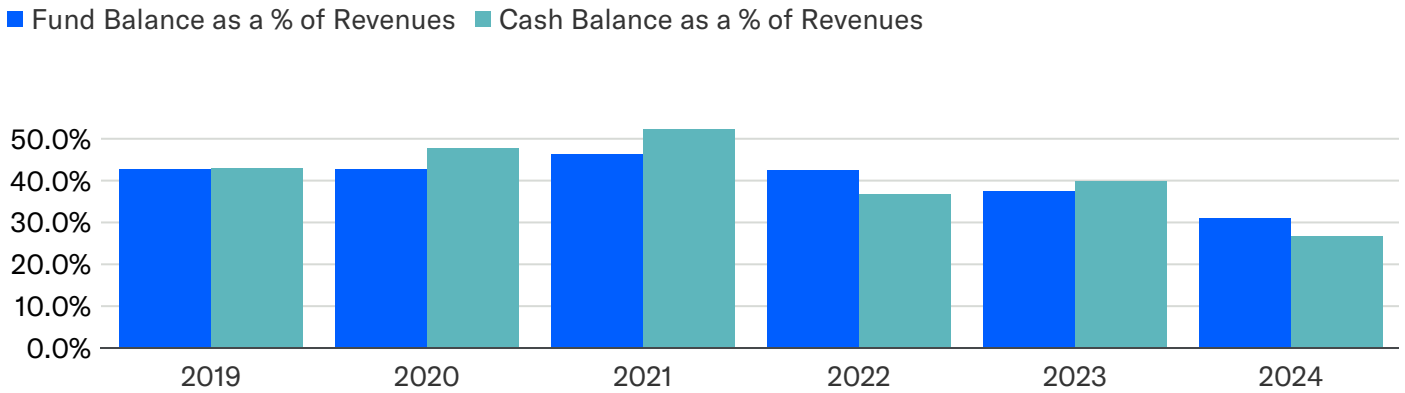
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Exhibit 2
Enrollment



Source: Moody's Ratings

Exhibit 3
Financial Trends



Source: Moody's Ratings

ESG considerations

Environmental

The local government sector generally has low exposure to environmental risks. According to data from Moody's Climate on Demand, the district has high exposure to water stress, medium exposure to hurricanes, wildfires, and heat stress, and low exposure to floods.

Social

The district's resident income adjusted for regional price parity is below the national median at 85.7%. The unemployment rate for Bee County was 5.3% as of October 2024 which is higher than the unemployment rates for the state (4.1%) and nation (3.9%) for the same period.

Governance

The district is governed by a seven-member board of trustees. Members serve staggered three-year terms with elections being held in May of each year. Policy-making and supervisory functions are responsibility of the board. The board delegates administrative responsibilities to the superintendent who is the chief administrative officer of the District. Texas school districts have an Institutional Framework score of Aa. The state controls school district revenue through an equalized funding formula consisting of a combination of local property taxes and state aid. The state allows for regular and predictable increases to total funding for school districts. Property

tax revenue growth is capped at 2.5% annually, but school districts can approach voters for mill levy overrides that can generate meaningful additional locally determined operating revenue.

Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

Exhibit 4

Beeville Independent School District, TX

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	85.7%	10.0%	A
Full value per capita (full valuation of the tax base / population)	45,812	10.0%	Baa
Enrollment trend (three-year CAGR in enrollment)	-0.6%	10.0%	A
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	31.0%	20.0%	Aaa
Net cash ratio (net cash / operating revenue)	26.7%	10.0%	Aaa
Institutional framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	276.8%	20.0%	A
Fixed-costs ratio (adjusted fixed costs / operating revenue)	6.7%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa3
Assigned Rating			A1

The complete list of outstanding ratings assigned to the Beeville Independent School District, TX is available on their [issuer page](#). Details on the current ESG scores assigned to the Beeville Independent School District, TX are available on their [ESGView page](#).

Sources: US Census Bureau, Beeville Independent School District, TX's financial statements and Moody's Ratings

Appendix

Exhibit 5

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Ratings
Financial performance		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
Leverage		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US K-12 Public School Districts Methodology](#).

Source: Moody's Ratings

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