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## **Fitch affirms Lake Travis ISD's superior bond rating**

(New York, NY) – Fitch Ratings, a global rating agency committed to providing the world's credit markets with independent and prospective credit opinions, research, and data, has affirmed the Lake Travis Independent School District's (LTISD) \$167.2 million outstanding unlimited tax bonds at 'AA+'. The rating is the highest level given by Fitch to public school districts.

"This rating is a direct result of the District's sound financial management and investment of taxpayer dollars associated with our 2004 and 2006 bonds," said LTISD Superintendent Dr. Brad Lancaster. "Our Board of Trustees continues to raise the bar on fiscal accountability and integrity by making prudent decisions that positively impact our financial performance and position."

According to Fitch, the rationale for the rating includes 1.) steady growth exhibited in both the District's tax base and total student enrollment; 2.) a strong financial profile characterized by large reserve levels and a consistent record of conservative budget practices; 3.) a stable and diverse economy demonstrated by low unemployment and healthy local housing markets despite the national recession; and 4.) a manageable debt burden as a result of the District's high wealth levels and the prospects for continued growth of its tax base. A recent demographic study projects that LTISD's enrollment growth will continue at an annual rate of 6%, consistent with historical growth. Three new residential developments are currently in progress within the District, each expected to add between 1,200 to 1,500 rooftops at final completion in the next few years.

"Healthy reserves and conservative budgeting will be important as the District navigates the 2012-2013 state funding biennium," said Matt Dustin, primary analyst with Fitch, Inc. "The Texas legislature trimmed K-12 funding levels statewide in 2011 for this two-year period, and Lake Travis ISD faces funding reductions totaling \$8 million over the next two fiscal years. However, the District's overall financial outlook is stable, with an audited 2011 unreserved general fund balance level of \$27 million. Fund balances have exceeded 20% of spending for each of the past ten audited years, maintaining a high degree of financial flexibility through two national recessions."

"The administration has absorbed the cuts in the fiscal 2012 District budget to achieve balanced results through spending reductions in various departments, primarily maintenance, transportation, and athletic department budgets," said Johnny Hill, LTISD Assistant Superintendent for Business, Financial and Auxiliary Services. "We will continue to do everything possible to keep our operating expenses in check while preserving the integrity of our instructional programs and services."

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## **Fitch affirms Lake Travis ISD's 'AA+' bond rating**

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Fitch adds that District voters continue to show public support for LTISD's capital improvement plan, as evidenced by the successful authorization in November 2011 of \$158.5 million for two new campus facilities along with various campus expansions and upgrades.

“Preliminary estimates indicate that the new authorization will put only moderate upward pressure on the District's debt service tax rate,” said Mr. Dustin. “This potential increase would maintain a comfortable gap below the \$0.50 statutory debt service tax rate ceiling for approval of new Texas school district issuances.”

The District's bonds are secured by the Texas Permanent School Fund (PSF), whose bond guarantee program is rated 'AAA' by Fitch Ratings.

With 50 offices worldwide, Fitch Ratings' global expertise spans across capital markets in over 150 countries. According to its Web site, Fitch Ratings is widely recognized by investors, issuers, and bankers for its credible, transparent, and timely coverage.

Additional information is available at [www.fitchratings.com](http://www.fitchratings.com).