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Celina, TX GO Bond Rating Raised To 'AA-' Based On Local GO Criteria

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DALLAS (Standard & Poor's) July 11, 2014--Standard & Poor's Ratings Services said that it raised its underlying rating (SPUR) on Celina, Texas' general obligation (GO) bonds to 'AA-' from 'A+', based on its local GO criteria released Sept. 12, 2013. The outlook is stable.

The city pledges its ad valorem tax levy as payment for the bonds within the limits prescribed by law. The Texas Constitution limits the city's maximum ad valorem tax rate to \$2.50 per \$100 of taxable assessed valuation (AV). In our view, significant flexibility remains between the current tax rate of 65 cents per \$100 of AV and the maximum amount allowed by state law.

"The rating reflects our assessment of the city's very strong budgetary flexibility and liquidity," said Standard & Poor's credit analyst Alexander Laufer.

"The stable outlook reflects our expectation Celina will maintain very strong budgetary flexibility and liquidity concurrent with at least adequate budgetary performance," he added. While unlikely within the two-year outlook, we could lower the rating if the city experienced overall financial deterioration. Conversely, we could raise the rating if the city's very high debt burden moderated significantly and the local economy expanded to improve wealth indicators such as market value.

RELATED CRITERIA AND RESEARCH

Related Criteria

Celina, TX GO Bond Rating Raised To 'AA-' Based On Local GO Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Texas Local Governments

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