Research Update:

Tyler Independent School District, TX Series 2026 Tax Refunding Bonds Rated 'AA'; Outlook Stable

July 29, 2026

Primary Contact

Caroline Baird
Dallas
1-214-468-3496
caroline.baird
@spglobal.com

Secondary Contact

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

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating (based on credit enhancement) and 'AA' underlying rating to Tyler Independent School District, Texas' estimated $40.81 million series 2026 unlimited tax refunding bonds.
- At the same time, we affirmed our 'AA' underlying rating on the district's unlimited tax general obligation debt outstanding.
- The outlook is stable.

Rationale

Security

The bonds are secured by revenue from ad valorem taxes levied annually against all taxable property in the district, without limitation as to rate or amount. The district will use proceeds from the series 2026 bonds to refund certain obligations outstanding for debt service savings, and to pay the cost of issuance.

The 'AAA' long-term rating reflects our view of Tyler ISD's eligibility for, and participation in, the Texas Permanent School Fund bond guarantee program. For more information on the program rating, see "Texas Permanent School Fund Bond Guarantee Program Rating Affirmed At 'AAA'," Aug. 27, 2025.

Credit highlights

The rating reflects our view of the district's growing tax base, historically strong operating performance, and above-average reserve position relative to that of similarly rated state and national peers. Tempering these credit strengths are the district's below-average economic metrics compared with those of peers and financial management policies and practices that lack the formalization of those of higher rated peers.

The district has demonstrated mostly positive operating performance over the last decade due to management's use of conservative budgeting practices, which we believe will continue to support positive budget-to-actual performance over the medium term. The trend of positive year-end results has supported growth in available reserves to levels that are above those of similarly rated peers. The district's fiscal 2026 amended budget projects a general fund surplus of about 2% of revenue, which management attributes to expected enrollment growth and a federal reimbursement this fiscal year. The proposed fiscal 2027 budget projects balanced operations, and management indicates that conservative budget assumptions will likely result in actual performance exceeding the original baseline. Given the demonstrated positive budget-to-actual variances, conservative budget assumptions, and healthy enrollment trends, we believe the district is positioned to achieve at least balanced operating performance in the near term, supporting the maintenance of favorable available reserves.

For more information on our Texas school ratings, see "U.S. Local Governments Credit Brief: Texas School Districts Means And Medians," Feb. 24, 2026.

The rating further reflects our assessment of the following factors:

- The district is in the city of Tyler, which serves as a vital economic hub for east Texas and has a diverse economy that includes medical and manufacturing along with some oil and gas extraction. The local economy is experiencing healthy assessed valuation and population growth due to ongoing development in the area. However, key economic metrics such as economic output, per capita personal incomes, and local incomes remain below average compared with national and county baselines.
- Historically positive operating performance has supported growth in its available reserve position. The district is projecting at least balanced operating performance, and we believe it will keep producing positive budget-to-actual variances given its use of conservative budget assumptions.
- Budgeting practices include conservative assumptions with monthly budget-to-actual reports provided to its board. The district maintains a formal investment policy and an informal reserve target of at least three months of operating expenditures in its unassigned fund balance. However, it lacks formal long-term financial or capital planning and formal policies for debt management and reserves. We view the district's cyber risk mitigation measures as consistent with our view of its credit fundamentals.
- The moderate debt burden is characterized by costs and net direct debt per capita that remain below average compared with those of similarly rated state peers. District officials indicate there are no medium-term plans for additional issuance. We do not consider its pension and other postemployment benefits liabilities as a medium-term source of budgetary pressure.
- For more information on our institutional framework assessment for Texas school districts, see "Institutional Framework Assessment: Texas Local Governments," Sept. 9, 2024.

Outlook

The stable outlook reflects our expectation that the district's historical use of conservative budgeting practices will support healthy operating performance and an above-average reserve position relative to that of similarly rated peers.

Downside scenario

We could lower the rating if the district develops what we consider a structural imbalance, leading to significant draws on available reserves, without a credible plan in place to rebuild them.

Upside scenario

All else being equal, we could raise the rating if the district's economic metrics were to strengthen to levels comparable with those of higher rated peers and our assessment of financial management improves.

Tyler Independent School District, Texas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.35
Economy	3.0
Financial performance	2
Reserves and liquidity	1
Management	3.00
Debt and liabilities	2.75

Tyler Independent School District, Texas--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	78	--	78	77
County PCPI % of U.S.	95	--	95	97
Market value ($000s)	13,911,318	13,814,834	12,516,290	12,145,123
Market value per capita ($)	102,966	102,252	92,641	91,690
Top 10 taxpayers % of taxable value	8.0	7.8	8.1	8.6
County unemployment rate (%)	4.1	4.0	3.8	3.7
Local median household EBI % of U.S.	88	--	88	82
Local per capita EBI % of U.S.	89	--	89	80
Local population	135,106	--	135,106	132,458
Financial performance				
Operating fund revenues ($000s)	--	188,090	184,955	178,276
Operating fund expenditures ($000s)	--	183,464	182,586	166,778
Net transfers and other adjustments ($000s)	--	(1,089)	(948)	(2,399)
Operating result ($000s)	--	3,537	1,421	9,099
Operating result % of revenues	--	1.9	0.8	5.1
Operating result three-year average %	--	2.6	4.3	5.7
Enrollment	--	18,708	18,304	18,328
Reserves and liquidity				
Available reserves % of operating revenues	--	41.0	39.6	40.8
Available reserves ($000s)	--	77,071	73,322	72,699
Debt and liabilities				
Debt service cost % of revenues	--	14.4	13.9	13.8
Net direct debt per capita ($)	2,885	2,903	2,656	3,262
Net direct debt ($000s)	389,820	392,175	358,860	432,087
Direct debt 10-year amortization (%)	49	49	54	--
Pension and OPEB cost % of revenues	--	3.0	3.0	2.0

Tyler Independent School District, Texas--key credit metrics

	Most recent	2025	2024	2023
NPLs per capita ($)	--	474	474	522
Combined NPLs ($000s)	--	64,084	64,084	69,202

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. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List	
New Issue Ratings	
US$40,805,000 Tyler Independent School District, (A political subdivision of the State of Texas located in Smith County), Texas, Unlimited Tax Refunding Bonds, Series 2026, dated: August 1, 2026, due: February 15, 2034	
Long Term Rating	AAA/Stable
Underlying Rating for Credit Program	AA/Stable
Ratings Affirmed	
Local Government	
Tyler Indpt Sch Dist, TX Unlimited Tax General Obligation	AA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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 https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.