

RatingsDirect®

Summary:

Caddo Parish Parishwide School District, Louisiana; General Obligation

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Credit Profile

US\$10.65 mil GO sch bnds ser 2025 due 03/01/2044

<i>Long Term Rating</i>	A+/Positive	New
Caddo Parish Parishwide Sch Dist GO		
<i>Long Term Rating</i>	A+/Positive	Outlook Revised
Caddo Parish Parishwide Sch Dist GO (AGI)		
<i>Unenhanced Rating</i>	A+(SPUR)/Positive	Outlook Revised

Credit Highlights

- S&P Global Ratings has revised its outlook to positive from stable on Caddo Parish Parishwide School District, La., based on the application of our "Methodology For Rating U.S. Governments," published Sept. 9, 2024, on RatingsDirect.
- At the same time, we assigned our 'A+' rating to the district's \$10.65 million series 2025, general obligation (GO) school bonds.
- In addition, we affirmed our 'A+' rating on the district's outstanding GO bonds.
- The outlook revision is also due to recent strong budgetary performance leading to very strong reserves, and economic metrics that compare more favorably with a higher rating.

Security

The bonds are secured by an ad valorem tax levied on all eligible property within the district.

Officials will use the bond proceeds for capital improvement projects which include improving and acquiring lands for building sites and school buildings.

Credit overview

The school board's recent performance, increasing fund balances to about 40% of expenditures, and a large economy supported by the Shreveport metropolitan statistical area and Barksdale Air Force Base, support the rating. This is offset by some reliance on natural gas extraction and gaming revenues, declining enrollment trends, and below average incomes and gross county product compared with the U.S.

The school board expect recent strong performance to continue in 2024, but with a surplus lower than recent years. Recent performance, such as the large surplus of nearly \$50 million in 2023 was driven by strong property tax growth, better than expected earnings on investments, and savings on expenditures for salaries and benefits. Management has a history of performing better than budgeted, particularly in the past two years. The district is facing enrollment declines, losing about 750 students in total in 2024 compared with 2023, but management recently closed two schools,

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and it expects to continue to have these conversations moving forward. Given the challenges around enrollment declines, and the district's efforts to reduce expenditures, we believe there is at least a one-in-three chance that the rating is improved in the next two years. At this time, the district's economic metrics and reserves align better with higher rated peers, but the district's history of lower reserves at about 10% pre pandemic and enrollment trends offset the credit strengths.

Credit fundamentals supporting the 'A+' GO rating include:

- Per capita gross county product for Caddo Parish is 89% of the U.S. level, and per capital personal income is 89%, both of which are comparable with other 'A+' peer medians in Louisiana. Caddo has seen a slight resurgence in natural gas production, although conditions remain challenging, but the local economy is supported by Barksdale Air Force Base, a large military institution just across the Red River in Bossier parish that provides regional economic stability.
- Operating results are positive in the past couple of years, as shown in the general fund surpluses in at least the past 4 years. Management expects a surplus in 2024, although not as large as 2023, when the district reported a \$49.8 million surplus. We expect the school board to maintain these results, despite declining enrollment.
- Reserves are supported by a formal reserves policy of 10%-15%, and we expect reserves to remain over this policy.
- The school board has a manageable debt burden, with a low per capita burden, but a higher exposure to pension and other postemployment benefits, as contributions to these plans constitute a significant portion of the district's budget, similar to many Louisiana school districts. We expect these costs to remain high, but stable in the near term. The district expects to issue \$21 million in bonds over the next two years in equal amounts.
- Per capital net pension liabilities should change little in the near term, as our minimum funding and static funding metrics show gradual progress to full funded status.
- Budgeting practices are conservative, as the district works to manage its expenditures around persistent enrollment declines. Officials have received a demographic study to help them assess future capital needs. Formal policies include fund balance, and an investment policy, but there are no long term financial and capital planning practices or a debt management policy. The district takes steps to mitigate its cybersecurity risks.
- For more information on our institutional framework assessment for Louisiana municipalities, please see "Institutional Framework Assessment: Louisiana Local Governments" published Sept. 9, 2024, on RatingsDirect.

Environmental, social, and governance

Environmental, social, and governance factors are neutral within the credit analysis.

Outlook

We believe there is at least a one in three chance we could raise the rating in the next two years if the district maintains its reserves at a level higher than historical levels.

Downside scenario

If the district shows signs of budgetary distress, either due to enrollment declines or other factors, resulting in material draws on reserves, we could revise the outlook.

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Upside scenario

We could raise the rating if the district can maintain its current higher level of reserves despite enrollment declines, and if the district formalizes some of its financial management policies and practices.

Table 1

Caddo Parish Parishwide School District, Louisiana--credit summary	
Institutional framework (IF)	2
Individual credit profile (ICP)	2.70
Economy	4.0
Financial performance	2
Reserves and liquidity	1
Management	3.00
Debt and liabilities	3.50

Table 2

Caddo Parish Parishwide School District, Louisiana--key credit metrics				
	Most recent	2023	2022	2021
Economy				
Real GCP per capita % of U.S.	89	--	89	88
County PCPI % of U.S.	89	--	89	90
Market value (\$000s)	19,274,127	17,600,573	16,923,527	16,738,009
Market value per capita (\$)	83,887	76,603	72,237	70,877
Top 10 taxpayers % of taxable value	20.5	22.4	18.5	17.0
County unemployment rate (%)	4.4	4.1	4.1	6.3
Local median household EBI % of U.S.	70	68	65	61
Local per capita EBI % of U.S.	81	78	73	71
Local population	229,764	229,764	234,277	236,156
Financial performance				
Operating fund revenues (\$000s)	--	427,309	418,885	414,840
Operating fund expenditures (\$000s)	--	385,462	376,815	387,105
Net transfers and other adjustments (\$000s)	--	206	3,030	1,942
Operating result (\$000s)	--	42,053	45,100	29,677
Operating result % of revenues	--	9.8	10.8	7.2
Operating result three-year average %	--	9.3	7.0	3.1
Enrollment	--	33,614.0	34,574.0	36,136.0
Reserves and liquidity				
Available reserves % of operating revenues	--	36.7	26.4	15.8
Available reserves (\$000s)	--	156,849	110,642	65,429
Debt and liabilities				
Debt service cost % of revenues	--	1.9	1.8	2.2
Net direct debt per capita (\$)	455	437	425	410
Net direct debt (\$000s)	104,569	100,490	99,585	96,835

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Table 2

Caddo Parish Parishwide School District, Louisiana--key credit metrics (cont.)				
	Most recent	2023	2022	2021
Direct debt 10-year amortization (%)	68	--	--	--
Pension and OPEB cost % of revenues	--	17.0	16.0	18.0
NPLs per capita (\$)	--	1,798	--	1,025
Combined NPLs (\$000s)	--	413,131	--	241,984

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data are generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits.

Ratings Detail (As Of December 20, 2024)		
Caddo Parish Parishwide School District GO (AGI)		
<i>Unenhanced Rating</i>	A+(SPUR)/Positive	Outlook Revised
Caddo Parish Parishwide Sch Dist GO sch rfdg bnds		
<i>Unenhanced Rating</i>	A+(SPUR)/Positive	Outlook Revised
Caddo Parish Parishwide Sch Dist GO (AGI)		
<i>Unenhanced Rating</i>	A+(SPUR)/Positive	Outlook Revised
Caddo Parish Parishwide Sch Dist GO (AGI)		
<i>Unenhanced Rating</i>	A+(SPUR)/Positive	Outlook Revised
Caddo Parish Parishwide Sch Dist GO (BAM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Positive	Outlook Revised
Caddo Parish Parishwide Sch Dist GO (BAM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Positive	Outlook Revised
Caddo Parish Parishwide Sch Dist GO (BAM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Positive	Outlook Revised
Caddo Parish Parishwide Sch Dist GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	A+(SPUR)/Positive	Outlook Revised

Many issues are enhanced by bond insurance.

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