

## Research Update:

# Caddo Parish Parishwide School District, LA Debt Rating Raised To 'AA-' On Budgetary Performance, Growing Reserves

December 18, 2025

## Overview

- S&P Global Ratings raised its rating one notch to 'AA-' from 'A+' on [Caddo Parish Parishwide School District](#), La.'s general obligation (GO) bonds outstanding.
- At the same time, we assigned our 'AA-' rating to the district's \$21.3 million series 2026 GO bonds.
- The outlook is stable.
- The upgrade reflects our view that given expected stabilization of enrollment trends from growth in younger age groups, the district's improved reserve position and stable budgetary performance will be maintained and supportive of the higher rating.

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## Rationale

### 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 highlights

Our rating reflects the school board's steady budgetary performance, with five consecutive surpluses in the general fund, and unaudited 2025 results showing another significant surplus. This has increased reserves to nearly 50% of general fund revenues and over \$210 million, a large fund balance that affords the school board substantial flexibility in the event of economic downturns or unexpected changes to revenue. The rating also reflects our view of the school district's local economy, which draws from a large population in excess of 200,000, and is

anchored by Barksdale Air Force Base in neighboring Bossier Parish, as well as natural gas production, gaming revenues, and other industries such as distribution, aviation, and energy.

The school board's unaudited 2025 financial statements currently show an estimated \$48 million surplus, and officials expect a surplus of approximately \$20 million in fiscal year 2026. In addition, in 2024, the school board made changes to its health care plans, moving some employees from Caddo's self-insured plan to a Medicare Advantage plan, which officials expect will save the district \$30 million a year. Management has a history of performing better than budgeted, particularly in the past three years, and the growth in reserves is a significant contributor to our positive rating action.

Offsetting some of these strengths is the district's partial reliance on natural gas extraction in the Haynesville shale, which historically has fluctuated. Officials state that activity has recently picked up with new drilling rigs operating in the area. In addition, the district has seen a long trend of enrollment declines, but this trend is gradually slowing, with the district reporting a decline of 176 students in 2025 compared to a historical average of 750. Management also stated that for the first time in over a decade, kindergarten enrollment has increased year over year, emphasizing recent academic achievements. However, the district's performance over the past five years has improved reserves to a level materially higher than the 10% the district maintained prior to the pandemic, and in our view this is reflected in the rating action. However, future rating improvement is contingent on significant growth on improvement in the Parish gross county product metrics, and continued financial resilience despite long-term negative demographic trends.

Credit fundamentals supporting the 'AA-' GO rating include:

- Per capita gross county product for Caddo Parish is 93.7% of the U.S. level, and per capita personal income is 92.6%, both of which are comparable with other 'AA-' peer medians in Louisiana. 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. Also, the local economy covers a broad geographical area and has a sizable population over 225,000, which lends to economic stability.
- Operating results are positive in the past five fiscal years, with large surplus exceeding 7% of general fund revenues in the past four years. Unaudited 2025 financial statements indicate another strong surplus, and officials have no plans to spend down reserves. Enrollment is an element of the Louisiana minimum foundation program, and state aid consists approximately of half of the school boards revenues; however the district has maintained balance financial performance in recent years, while enrollment has declined.
- Reserves are supported by a formal reserves policy of 10%-15%, and as of June 30, 2024, are well over the target, approaching 50% of general fund revenues at 48.5% and \$215.8 million. Currently the school board has no plans to spend down reserves, and additional surplus funds will move to a capital projects fund.
- 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 will remain high but stable in the near term. The district will complete the 2019 voter authorization, and plans to approach voters in the spring of 2027 with another authorization roughly estimated at \$100 million.
- Per capita 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. We note that the school board routinely discusses long term capital needs with administrators, and the district provided meeting notes with the council on potential projects. The district takes steps to mitigate its cybersecurity risks.
- For more information on our institutional framework assessment for Louisiana municipalities, see "[Institutional Framework Assessment: Louisiana Local Governments](#)," Sept. 9, 2024.

## Environmental, social, and governance

Social and governance factors are neutral within the credit analysis. Environmental risks are slightly elevated compared to nationwide peers given that the school district's boundary is the Red River, which has had a history of flooding. Officials state that only three of the district's properties are in designated flood zones, but have never experienced flood damage to their knowledge and that flood insurance is in place.

## Outlook

The stable outlook reflects our expectation that the school board's reserve position will remain very strong, with no plans to spend them down. We expect the district's financial results will remain stable despite additional debt issuance planned, pending voter authorization.

### Downside scenario

We may take a negative rating action if the school board's budgetary performance deteriorates, leading to sustained fund balanced drawdowns.

### Upside scenario

We could take a positive rating action if the school board's local economic metrics improve to levels similar to those of higher-rated peers nationally, debt metrics moderate, and if the school board formalizes some of its financial management practices.

## Caddo Parish Parishwide School District, Louisiana--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.55
Economy	3.5
Financial performance	2
Reserves and liquidity	1
Management	3.00
Debt and liabilities	3.25

**Caddo Parish Parishwide School District, Louisiana--key credit metrics**

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	94	--	94	90
County PCPI % of U.S.	93	--	93	92
Market value (\$000s)	20,331,209	19,274,127	17,600,573	16,923,527
Market value per capita (\$)	90,213	85,523	76,603	72,237
Top 10 taxpayers % of taxable value	19.0	20.5	22.4	18.5
County unemployment rate (%)	4.6	4.6	4.0	4.1
Local median household EBI % of U.S.	66	66	70	68
Local per capita EBI % of U.S.	76	76	81	78
Local population	225,369	225,369	229,764	234,277
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	443,893	427,309	418,885
Operating fund expenditures (\$000s)	--	390,356	385,462	376,815
Net transfers and other adjustments (\$000s)	--	4,944	206	3,030
Operating result (\$000s)	--	58,481	42,053	45,100
Operating result % of revenues	--	13.2	9.8	10.8
Operating result three-year average %	--	11.3	9.3	7.0
Enrollment	--	33,243	33,614	34,574
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	48.5	36.7	26.4
Available reserves (\$000s)	--	215,329	156,849	110,642
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	2.2	1.9	1.8
Net direct debt per capita (\$)	508	399	402	390
Net direct debt (\$000s)	114,463	89,913	92,268	91,293
Direct debt 10-year amortization (%)	61	74	--	--
Pension and OPEB cost % of revenues	--	16.0	17.0	16.0
NPLs per capita (\$)	--	1,630	1,692	--
Combined NPLs (\$000s)	--	367,273	388,845	--

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\$21.3 mil GO sch bnds ser 2026 due 03/01/2045

Long Term Rating	AA-/Stable
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**Upgraded;Outlook Action**

To	From
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**Local Government**

Caddo Parish Parishwide Sch Dist, LA Unlimited Tax General Obligation	AA-/Stable	A+/Positive
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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.

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