

Research Update:

Dimmitt Independent School District, TX Series 2026 Unlimited-Tax Refunding Bonds Assigned 'A+' Rating; Outlook Stable

March 17, 2026

Overview

- S&P Global Ratings assigned its 'AAA' long-term rating (based on credit enhancement) and 'A+' underlying rating to Dimmitt Independent School District, Texas' roughly \$6.3 million series 2026 unlimited-tax refunding bonds.
- We also affirmed our 'A+' underlying rating on the district's existing general obligation (GO) bonds.
- The outlook is stable.

Rationale

Security

Revenue from an unlimited ad valorem tax levied on all taxable property secures the bonds. Bond proceeds will be used to fund the cost of acquiring, constructing, renovating, or equipping school buildings, the purchase of sites for school buildings, and the purchase of new school buses.

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

Credit highlights

The underlying rating reflects the district's positive operating performance, with surpluses in four out of the last five years and healthy reserves, somewhat offset by its enrollment declines and concentration in volatile industries.

The rural school district is located in eastern Texas, 65 miles southwest of Amarillo and 81 miles northeast of Lubbock, in Castro County. The district has historically seen taxable assessed value (AV) fluctuations given that its top taxpayers are concentrated in volatile industries. The district has chapter 313 agreements with TX Jumbo Road Wind LLC and Bethel Wind Farm LLC, limiting the taxable value (TV) of the projects for the district's operating tax levy through a qualified

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period. However, the full TV of the projects will be realized for the district's debt service levy. A third wind farm may be constructed within the district that could add approximately \$100 million in TV for the debt service levy. We anticipate the district will likely continue to experience AV swings given the rapid depreciation rate of wind farms and the otherwise limited economic development within district boundaries.

The district has realized positive operating performance over the last four fiscal years, which management attributes to conservative budgeting and the utilization of a voter-approval tax rate election (VATRE). The district ended fiscal 2025 with a surplus of \$380,000, or 2.4% of general fund revenue. It passed a \$866,000 deficit budget for fiscal 2026 but is currently performing better than budgeted, with management projecting ending the fiscal year with balanced results or a small surplus. The district's reserves are healthy and it currently has no plans to spend down general fund reserves. Following this issuance the district will have no authorized but unissued debt and has no plans to go to voters at this time.

The rating reflects our opinion of the following credit factors:

- The district's taxbase is stable, with elevated taxpayer concentration in wind farms, which we view as a volatile industry. The remainder of the top ten taxpayers are centered in agriculture and power plants.
- Healthy reserves, with positive operating performance. Enrollment is tied to the district's agricultural economy and the district is projecting stable growth within our outlook period.
- Key management practices and policies include reviewing five years of historical revenue and expenditure assumptions when developing the budget. In addition, management monitors the budget monthly and makes amendments on an ad hoc basis. Management also maintains an investment policy consistent with statutory requirements and reports quarterly to the board on performance and holdings. The district has an informal reserve policy of maintaining at least three months of operations, including total fund balance. Officials perform informal three- and five-year financial projections, with a focus on biennial funding projections as established by the state law. The district does not have a formal debt management policy or capital improvement plan. Cyber practices are in line with those of peers.
- While its debt remains elevated, we anticipate seeing direct debt moderate given the district has no future debt plans.
- For more information on our institutional framework assessment for Texas school districts, see "[Institutional Framework Assessment: Texas Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

Although the district has noted severe storms such as hail, we view its environmental, social, and governance factors relative to its economy, management, financial measures, and debt-and-liability profile as neutral in our credit analysis.

Outlook

The stable outlook reflects our expectation that the district will maintain its very strong financial position, supported by continued positive operating performance and healthy reserves.

Downside scenario

We could lower the rating if the district's financial performance were to weaken, leading to materially lower reserves, or if its debt were to increase without an adequate offsetting factor.

Upside scenario

We could raise the rating if the district were to realize sustained economic growth and diversification outside of the potential wind farm while maintaining its positive financial position and moderate debt burden.

Dimmitt Independent School District, Texas--Credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.60
Economy	4.0
Financial performance	2
Reserves and liquidity	1
Management	3.00
Debt and liabilities	3.00

Dimmitt Independent School District, Texas--Key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	172	--	--	172
County PCPI % of U.S.	158	--	--	158
Market value (\$000s)	738,032	709,167	752,589	780,386
Market value per capita (\$)	144,034	138,401	146,875	150,248
Top 10 taxpayers % of taxable value	64.0	45.7	24.8	71.5
County unemployment rate (%)	2.5	2.5	2.8	2.8
Local median household EBI % of U.S.	92	--	92	81
Local per capita EBI % of U.S.	77	--	77	67
Local population	5,124	--	5,124	5,194
Financial performance				
Operating fund revenues (\$000s)	--	15,914	15,574	15,018
Operating fund expenditures (\$000s)	--	15,614	13,891	13,690
Net transfers and other adjustments (\$000s)	--	80	172	--
Operating result (\$000s)	--	380	1,855	1,328
Operating result % of revenues	--	2.4	11.9	8.8
Operating result three-year average %	--	7.7	8.8	2.9
Enrollment	--	1,077	1,088	1,097
Reserves and liquidity				
Available reserves % of operating revenues	--	47.2	45.6	34.2
Available reserves (\$000s)	--	7,514	7,103	5,133
Debt and liabilities				
Debt service cost % of revenues	--	10.7	10.7	12.0
Net direct debt per capita (\$)	4,816	4,874	5,328	5,494

Dimmitt Independent School District, Texas--Key credit metrics

	Most recent	2025	2024	2023
Net direct debt (\$000s)	24,675	24,975	27,300	28,535
Direct debt 10-year amortization (%)	38	38	37	--
Pension and OPEB cost % of revenues	--	2.0	2.0	2.0
NPLs per capita (\$)	--	940	988	888
Combined NPLs (\$000s)	--	4,819	5,060	4,610

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\$6,315,000 Dimmitt Independent School District, Castro County, Texas, Unlimited Tax Refunding Bonds, Series 2026, dated: March 15, 2026, due: February 15, 2037

Long Term Rating	AAA/Stable
Underlying Rating for Credit Program	A+/Stable

Ratings Affirmed

Local Government

Dimmitt Indpt Sch Dist, TX Unlimited Tax General Obligation	A+/Stable
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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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