Research Update:

Crawford Independent School District, TX Series 2026 Unlimited-Tax School Building Bonds Rated 'A+'

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Overview

- S&P Global Ratings assigned its ‘AAA’ long-term rating (based on credit enhancement) and ‘A+’ underlying rating to Crawford Independent School District, Texas’ proposed $2 million series 2026 unlimited tax school building bonds.
- At the same time, S&P Global Ratings affirmed its ‘A+’ rating on the district’s general obligation debt outstanding.
- The outlook is stable.

Rationale

Security

The bonds are secured by revenue from an unlimited ad valorem tax levied on all taxable property within the district. The district will use bond proceeds along with $2 million of general fund balance to finance improvements at its middle school. The series 2026 bonds represent the final issuance from the district’s $10 million 2022 voter authorization.

The 'AAA' long-term rating reflects our view of the district's eligibility for the Texas Permanent School Fund (PSF) bond guarantee program, which provides the security of a permanent fund of assets that the district can use to meet debt service on bonds guaranteed by the program. The stable outlook on the long-term program rating reflects our view of Texas PSF's strength and liquidity. (For more information, see our analysis, "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 conservative budgeting, robust reserve position, and modest debt burden with manageable fixed costs. Although the district may use about $2 million of fund balance within the two-year outlook, we believe it will maintain sufficient reserves for the rating level. The district’s small economic base currently constrains the rating.

The small, rural district is located approximately 30 miles west of Waco, with McLennan County income and productivity metrics that are below national averages. Despite these limitations, the county population has increased 17% over the last decade. Management reports a recent addition of 35 new homes, but no additional development plans in the pipeline. Enrollment in the small district has remained stable in recent years, and management anticipates similar enrollment sizes in the upcoming year.

Following recent surpluses, the district's fiscal 2025 deficit was a planned use of fund balance that supported a security project. For fiscal 2026, the district expects a surplus of about $250,000 (2.8% of expenditures) in fiscal 2026 driven by conservative budgeting assumptions, particularly for revenue. Management reports that the district's 2027 budget is projected to be operationally breakeven, outside of the planned $2 million general fund balance use for the capital project. Given the audited fiscal 2025 reserve position of $4.9 million (58% of revenues), we believe the district maintains ample cushion to offset one-time spending. Beyond the potential use of fund balance in 2027, there are no plans to draw on current reserves; therefore, we expect management will sustain a healthy financial position during the near term.

The rating also reflects our view of the following factors:

- Although county economic metrics are lower than national averages, we view the district's higher local incomes as a positive for the credit profile. We further view the modestly growing tax base and population as providing stability to the district's credit profile. Enrollment grew about 4% in the last five years, which is a positive factor for revenue under the state's revenue formula.
- Aside from one-time costs, operations are generally stable to positive and we expect operations will remain near balanced, supporting a healthy reserve position above its informal reserve target.
- Financial management policies and practices are underscored by conservative budgeting practices, but limited formal policies or practices. The board's monthly financial report reflects expenditures only, which we view as informal budget-to-actual monitoring. The district maintains an investment management policy, quarterly investments report to the board, and an informal target to sustain available reserves at 25% of expenditures. The district lacks formal debt management policies and long-term capital and financial planning. The district's cyber risk mitigation measures align with our view of its overall risk management policies and practices.
- Following the series 2026 issuance, the debt burden will be $13.7 million with costs that we expect will remain manageable. We do not expect debt to significantly increase as the district does not plan to issue new money debt or seek additional voter authorization in the next two to three years.
- 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 view that the district will sustain reserves at levels at or above its informal 25% of expenditures target, even with plans to draw $2 million in fiscal 2027.

Downside scenario

We could lower the rating if financial performance deteriorates, leading to a material decrease in available reserves to levels no longer comparable with those of peers.

Upside scenario

We could raise the rating if the district's financial management practices strengthen, and with material economic base expansion and diversification, all other credit factors remaining equal or improved.

Crawford Independent School District, Texas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.22
Economy	2.0
Financial performance	2
Reserves and liquidity	1
Management	3.35
Debt and liabilities	2.75

Crawford Independent School District, Texas --key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	79	--	79	78
County PCPI % of U.S.	78	--	78	78
Market value ($000s)	363,465	382,497	354,793	352,310
Market value per capita ($)	128,843	135,589	125,769	127,418
Top 10 taxpayers % of taxable value	11.3	10.5	11.0	10.8
County unemployment rate (%)	4.0	4.0	3.8	3.8
Local median household EBI % of U.S.	144	--	144	132
Local per capita EBI % of U.S.	122	--	122	121
Local population	2,821	--	2,821	2,765
Financial performance				
Operating fund revenues ($000s)	--	8,599	8,461	7,887
Operating fund expenditures ($000s)	--	9,424	7,860	7,121
Net transfers and other adjustments ($000s)	--	333	10	--
Operating result ($000s)	--	(492)	611	766
Operating result % of revenues	--	(5.7)	7.2	9.7
Operating result three-year average %	--	3.7	5.8	9.3
Enrollment	--	596	599	593
Reserves and liquidity				
Available reserves % of operating revenues	--	57.8	64.6	61.9
Available reserves ($000s)	--	4,967	5,466	4,881
Debt and liabilities				
Debt service cost % of revenues	--	10.5	10.6	7.9
Net direct debt per capita ($)	4,870	4,161	3,642	4,541

Crawford Independent School District, Texas --key credit metrics

	Most recent	2025	2024	2023
Net direct debt ($000s)	13,737	11,739	10,275	12,555
Direct debt 10-year amortization (%)	45	48	52	--
Pension and OPEB cost % of revenues	--	2.0	2.0	2.0
NPLs per capita ($)	--	--	578	674
Combined NPLs ($000s)	--	--	1,631	1,864

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$2,000,000 Crawford Independent School District, A political subdivision of the State of Texas located in McLennan and Coryell Counties, Texas, Unlimited Tax School Building Bonds, Series 2026, dated: August 1, 2026, due: February 15, 2050	
Long Term Rating	AAA/Stable
Underlying Rating for Credit Program	A+/Stable
Ratings Affirmed	
Local Government	
Crawford Indpt Sch Dist, TX Unlimited Tax General Obligation	A+/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.