CREDIT OPINION
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Clint Independent School District, TX

Update to credit analysis

Summary

Clint Independent School District, TX's (A1) credit profile is supported by strong reserves that should continue to outpace peers despite planned draws on general fund balance over the next few year and below median leverage. These profile is challenged by weak full value per capita, below median adjusted resident income, and declining enrollment.

Credit strengths

» Strong reserves compared to peers

» Manageable leverage

Credit challenges

» Weak full value per capita and below median resident income levels compared to peers

» Declining enrollment

» Available fund balance to decline through fiscal 2028

Rating outlook

We do not assign outlooks to local governments with this amount of debt outstanding.

Factors that could lead to an upgrade

» Materially strengthened adjust resident income and full value per capita that approaches 100% of the US and $100,000 respectively

» Continued moderation of the leverage profile and maintenance of available fund balance in excess of 40% of revenue

Factors that could lead to a downgrade

» Financial operations that are materially weaker than projections, leading to a reduction of available fund balance that approaches 25% of revenue

» Weakened enrollment leading to a three-year enrollment trend that approaches -2%

» Material increase in leverage and fixed costs

Key indicators

Exhibit 1
Clint Independent School District, TX

	2021	2022	2023	2024	A Medians
Economy					
Resident income	72.2%	72.5%	76.4%	N/A	95.7%
Full value ($000)	$1,549,546	$1,802,689	$2,020,902	$1,843,177	$1,315,322
Population	49,359	50,432	49,392	N/A	14,266
Full value per capita	$31,393	$35,745	$40,916	N/A	$95,408
Enrollment	10,663	10,494	10,365	10,260	1,838
Enrollment trend	-2.5%	-2.7%	-2.6%	-1.3%	-1.4%
Financial performance					
Operating revenue ($000)	$139,409	$141,104	$141,629	$148,791	$31,151
Available fund balance ($000)	$78,783	$83,149	$78,561	$71,984	$7,998
Net cash ($000)	$59,682	$77,501	$79,550	$65,383	$8,915
Available fund balance ratio	56.5%	58.9%	55.5%	48.4%	26.4%
Net cash ratio	42.8%	54.9%	56.2%	43.9%	32.5%
Leverage					
Debt ($000)	$181,452	$173,881	$165,580	$156,882	$23,604
ANPL ($000)	$133,937	$117,705	$146,314	$98,119	$48,858
OPEB ($000)	$30,204	$26,872	$25,628	$17,207	$3,281
Long-term liabilities ratio	247.9%	225.7%	238.3%	182.9%	316.8%
Implied debt service ($000)	$12,749	$12,727	$12,144	$11,502	$1,599
Pension tread water ($000)	$3,444	$2,161	$6,197	$5,187	$883
OPEB contributions ($000)	$803	$808	$802	$821	$148
Fixed-costs ratio	12.2%	11.1%	13.5%	11.8%	10.6%

For definitions of the metrics in the table above please refer to the US K-12 Public School Districts Methodology or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published K12 Median Report.
Sources: US Census Bureau, Clint Independent School District, TX's financial statements and Moody's Ratings

Profile

Clint Independent School District is located in El Paso County, TX along the US-Mexico border. The district encompasses approximately 380 square miles and approximately 49,400 residents. In fiscal 2025, the district provided pre-K through 12th grade education to 10,077 students.

Detailed credit considerations

The district's economic profile poses challenges for its credit profile, but is expected to remain stable in the near term. Full value per capita is improving, though still low at $42,000 compared to peers. Assessed valuation (AV) will benefit from ongoing residential development. Adjusted resident income is below average at 77% of the US, but residents have access to employment in nearby El Paso. Enrollment is declining, dropping about 2% in 2025 to around 10,100 students, with a similar decrease projected for 2026. However, the pace of decline is stabilizing, and average daily attendance is expected to improve due to new incentives.

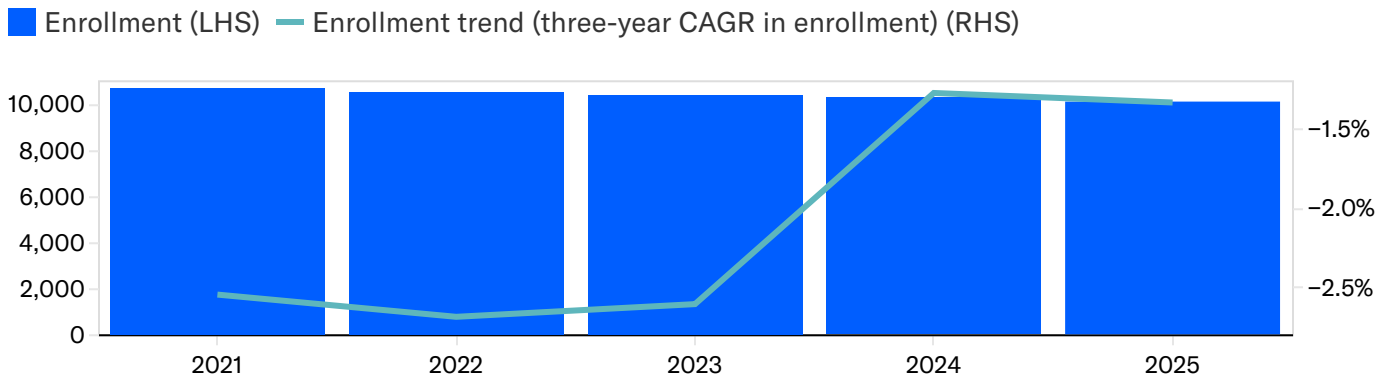
Financially, the district maintains solid reserves, which are projected to stay above peers despite planned reductions of general fund balance through fiscal 2028. Unaudited 2025 results show a $4 million use of general fund balance, leaving a $62 million available general fund balance, supporting programs previously funded by ESSER and other one-time initiatives. The available operating fund balance (including the general and debt service funds) is expected to decrease to $69 million, representing 51% of projected 2025 operating revenue.

The fiscal 2026 budget anticipates an $8.3 million draw for ESSER-related programs, reducing the available operating fund balance to $60 million and 44% of budgeted revenue. Further draws of $2.5 million are planned for 2027 and 2028, but reserves should remain around 40% of revenue, assuming 3% annual growth of general fund revenues.

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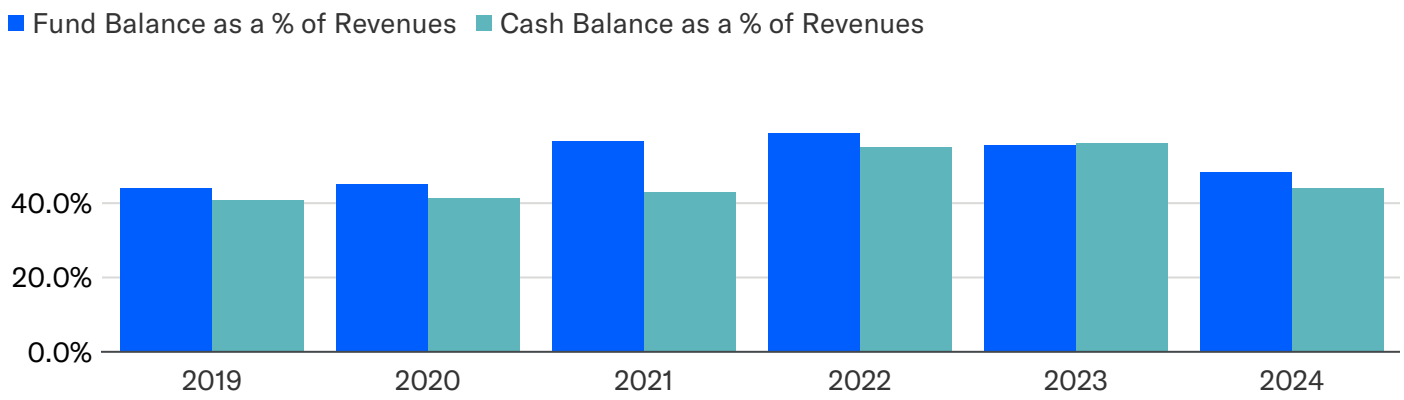
Leverage is manageable, with a $244 million of long-term liabilities representing 164% of 2024 operating revenue, and should remain so given no planned additional borrowing in the next couple of years. Fixed costs represent a manageable 12% of operating revenue.

Exhibit 2
Enrollment decline remains a challenge though the rate of decline is stabilizing



Source: Moody's Ratings

Exhibit 3
Financial reserves remain strong, but will moderate over the next few years to pre-pandemic levels



Source: Moody's Ratings

ESG considerations

Environmental

The local government sector generally has low exposure to environmental risks. The district's exposure to rising environmental risks is moderate compared to peer school districts nationwide. The district has high exposure to water stress and medium exposure to heat stress and wildfires. However, the district will benefit from longer term planning by the City of El Paso and surrounding communities for water supply issues.

Social

Social considerations are material to most school district ratings, with factors such as demographics, labor force, income and education influencing the district's economy, demographic, financial and leverage trends. The district's exposure to social risks is a credit challenge given weak resident income and full value per capita. The unemployment rate in El Paso County was 4.5% in July, which is slightly above the state (4.2%) and on par with the US (4.6%) for the same period.

Governance

District governance is sound. Management has demonstrated conservative budgeting and proactive expenditure management, which we expect to continue as the district strategically plans to draw down general fund reserves over the next few years to address academic achievement gaps and to fund other one-time capital improvements. The district does not have a formal minimum fund balance policy but targets an unassigned general fund balance equal to at least 90 days/25% of expenditures. Texas school districts have an Institutional Framework score [1] of Aa. The state controls school district revenue through an equalized funding formula consisting of a combination of local property taxes and state aid. The state allows for regular and predictable increases to total funding for school districts. Property tax revenue growth is capped at 2.5% annually, but school districts can approach voters for mill levy overrides that can generate meaningful additional locally determined operating revenue.

Rating methodology and scorecard factors

The US K-12 Public School Districts Methodology includes a scorecard, a tool providing a composite score of a school district's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare school district credits.

Exhibit 4

Clint Independent School District, TX

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	76.4%	10.0%	Baa
Full value per capita (full valuation of the tax base / population)	42,274	10.0%	Baa
Enrollment trend (three-year CAGR in enrollment)	-1.3%	10.0%	A
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	48.4%	20.0%	Aaa
Net cash ratio (net cash / operating revenue)	43.9%	10.0%	Aaa
Institutional framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	164.0%	20.0%	Aa
Fixed-costs ratio (adjusted fixed costs / operating revenue)	11.8%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa3
Assigned Rating			**A1**

The complete list of outstanding ratings assigned to the Clint Independent School District, TX is available on their issuer page. Details on the current ESG scores assigned to the Clint Independent School District, TX are available on their ESGView page.

Sources: US Census Bureau, Clint Independent School District, TX's financial statements and Moody's Ratings

Appendix

Exhibit 5
Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value ($000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Ratings
Financial performance		
Operating revenue ($000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ($000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash ($000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
Leverage		
Debt ($000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL ($000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
OPEB ($000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
Implied debt service ($000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water ($000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contributions ($000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the US K-12 Public School Districts Methodology.
Source: Moody's Ratings

Endnotes

1 The institutional framework score categorically assesses whether a district has the legal ability to raise the bulk of its operating revenue at the local level or if the state determines the bulk of its operating revenue. Beyond the local versus state categorization, the strength of the institutional framework score is a measure of the district's flexibility in raising additional locally determined operating revenue. See US K-12 Public School Districts Methodology for more details.

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