Research Update:

Beauregard Parish School District, LA GO Bond Rating Outlook Revised to Negative

August 13, 2025

Primary Contact

Allie Jacobson
Englewood
303-721-4242
allie.jacobson
@spglobal.com

Secondary Contact

Katy Vazquez
New York
1-212-438-1047
katy.vazquez
@spglobal.com

Overview

- S&P Global Ratings revised its outlook to negative and affirmed its 'A+' rating on Beauregard Parish School Board, La.'s outstanding general obligation (GO) debt.
- At the same time, S&P Global Ratings assigned its 'A+' long-term rating to the school board's approximately $15 million series 2025 GO school bonds.
- The negative outlook reflects our view that there is at least a one-in-three chance we could lower the rating if the district's trend of operating deficits and weakening reserves persists, and if its reserve position does not materially improve within our outlook horizon.
- The rating reflects the application of "Methodology For Rating U.S. Governments," Sept. 9, 2024.

Rationale

Security

The bonds are general obligations of the issuer and are payable from unlimited ad valorem taxes on all taxable property within the boundaries of the district.

Bond proceeds will be used to fund various capital projects, including a new school building.

Credit highlights

The rating reflects our view of the school board's reserve position, which declined for three consecutive years, more than halving its available fund balance, driven by capital expenditures for school buildings, though we expect the district could recover a large portion of its expended funds through Federal Emergency Management Agency (FEMA) reimbursements. Its economy is concentrated in a paper mill and oil and gas, and its pension and other postemployment benefit (OPEB) liability and costs are elevated compared to its national peers, although they are in line with many school districts in the state.

The district's reserve position deteriorated from fiscal 2022 (year ended June 30) through 2024, although officials expect the general fund's reserve position to improve during the next two years. The main driver of the deficits was Hurricane Laura-related expenses, as the hurricane damaged some school buildings and necessitated repairs in 2020. There were also higher-than-expected construction-related outlays in 2023 as the district planned to fund a new elementary school with bond proceeds but given supply chain issues after Laura and the COVID-19 pandemic, construction costs were $6 million higher than the initial quote, driving that year's draw on the fund balance. In total, district officials note they spent about $20 million on hurricane-related items, although they do not expect to recover the full amount from the FEMA and insurance reimbursements. The district hired a new consulting company to work with FEMA and expects to recoup between $3 million and $7 million in the next few months. For fiscal 2025, officials anticipate ending the year with about a $1.2 million surplus as management believes most hurricane-related expenses have been handled. Officials expect balanced operations for fiscal 2026. We consider its recent significant draws and long turnaround for reimbursements as credit weaknesses compared to its higher-rated peers.

The rating further reflects our view of the following:

- The local economy is driven by activity from a paper mill, and oil and gas (both production and pipelines). While this concentration does add some risk to the tax base in potential assessed value volatility, we note the concentration in pipelines is somewhat more stable than if it were in upstream oil and gas activities. Officials note there are numerous residential developments occurring in the southern end of its borders, and though there have been some population declines during the last few years, we expect this could stabilize population trends and potentially drive some growth.
- Outside of capital expenses for school buildings, operations have been mostly stable. The district's enrollment has been relatively steady, with some declines after Hurricane Laura and the COVID-19 pandemic, but officials expect growth in the coming school year supported by the residential development in the south side of the parish.
- Management team that has worked to recover funds spent on buildings and has maintained a mostly balanced budget, though recouping the reimbursements from its capital expenditures has been prolonged. Officials note there is frequent budget monitoring, with monthly budget-to-actual reports to the school board. There is no formal long-term planning outside of the district's review of debt-funded projects. It has a formal investment policy and a formal reserve policy to maintain above 5% of revenues in each fund balance for contingencies, although officials informally target a higher reserve level.
- Debt that is manageable given relatively affordable debt payments, although with higher pension costs. Pension liabilities for Louisiana school districts are elevated compared to the nation, though the state may pay down some of the unfunded liability for school districts using education-related trust funds, specifically focused in the Teachers Retirement System of Louisiana, to reduce districts' currently elevated costs. The plan's discount rate is elevated, which we believe could lead to future contribution volatility if it is not lowered.
- For more information on our institutional framework assessment for Louisiana schools, see "Institutional Framework Assessment: Louisiana Local Governments," Sept. 9, 2024.

Environmental, social, and governance

We consider the district's physical risks higher than those of its peers due to its elevated exposure to hurricanes and flood-related events. Hurricane Laura caused millions of dollars in damages to school facilities, and the district used a combination of available reserves, FEMA reimbursement, and insurance proceeds to cover the cost of repairs, though officials do not expect to receive full reimbursement for the costs incurred. The district maintains very strong reserves and has private insurance, which we believe somewhat mitigates the risk from severe weather. However, we believe the area is under consistent threat from these types of physical risks. Additionally, we view climate transition risks as somewhat elevated, given the district's economic exposure to the oil and gas industry. We analyzed the district's social and governance factors and have determined that both are neutral in our credit rating analysis.

Outlook

The negative outlook reflects our view that there is at least a one-in-three chance we could lower the rating in our two-year outlook horizon.

Downside scenario

If there are further draws on reserves, whether due to operational imbalance or capital needs, or if the district does not materially add to its fund balance within our outlook horizon through FEMA reimbursements, we could consider further negative rating action.

Upside scenario

If the district’s reserves significantly grow and we believe operations will remain positive, indicating a positive trajectory for its fund balance to levels that we believe offset the weakness in its concentrated economy, we could revise the outlook to stable.

Beauregard Parishwide School District, Louisiana--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	3.51
Economy	6.0
Financial performance	4
Reserves and liquidity	1
Management	3.05
Debt and liabilities	3.50

Beauregard Parishwide School District, LA--Key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	58	--	58	55
County PCPI % of U.S.	76	--	76	77
Market value ($000s)	3,760,682	3,345,227	3,070,909	2,780,355
Market value per capita ($)	102,602	91,267	83,836	72,447
Top 10 taxpayers % of taxable value	48.9	49.6	47.1	56.2
County unemployment rate (%)	4.5	4.2	3.5	3.3

Beauregard Parishwide School District, LA--Key credit metrics

	Most recent	2024	2023	2022
Local median household EBI % of U.S.	93	93	80	86
Local per capita EBI % of U.S.	85	85	77	76
Local population	36,653	36,653	36,630	38,378
Financial performance				
Operating fund revenues ($000s)	--	41,677	39,774	38,053
Operating fund expenditures ($000s)	--	46,928	46,077	43,301
Net transfers and other adjustments ($000s)	--	1,113	553	2,390
Operating result ($000s)	--	(4,138)	(5,750)	(2,858)
Operating result % of revenues	--	(9.9)	(14.5)	(7.5)
Operating result three-year average %	--	(10.6)	(2.4)	2.9
Enrollment	--	5,732	5,706	5,715
Reserves and liquidity				
Available reserves % of operating revenues	--	20.9	29.0	45.4
Available reserves ($000s)	--	8,702	11,554	17,278
Debt and liabilities				
Debt service cost % of revenues	--	6.7	5.6	5.7
Net direct debt per capita ($)	2,141	1,845	1,253	1,286
Net direct debt ($000s)	78,470	67,610	45,880	49,335
Direct debt 10-year amortization (%)	50	32	--	--
Pension and OPEB cost % of revenues	--	14.0	14.0	14.0
NPLs per capita ($)	--	1,730	1,835	1,741
Combined NPLs ($000s)	--	63,422	67,220	66,801

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$15.0 mil GO bnds ser 2025 due 03/01/2045	
Long Term Rating	A+/Negative
Outlook Action	

Ratings List

	To	From
Local Government		
Beauregard Parish Sch Dist, LA Unlimited Tax General Obligation	A+/Negative	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.