

Research Update:

# Natchitoches Parish School District Nos. 7, 8, And 9, LA GO Debt Rating Outlook Revised To Negative On Deficits

March 26, 2026

## Overview

- S&P Global Ratings revised the outlook to negative from stable on [Natchitoches Parish School Districts No. 7, No. 8, and No. 9](#), La.'s general obligation (GO) debt, and affirmed its 'A' rating on the debt.
- S&P Global Ratings also assigned its 'A' rating, with a negative outlook, to [Natchitoches Parish School District No. 11](#), La.'s \$12.5 million series 2026 GO school bonds.
- The outlook revision to negative reflects a deterioration of the districts' reserves resulting from deficits in the past two fiscal years.

## Rationale

### Security

We base our rating on the application of our "[Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness](#)" criteria (Nov. 20, 2019). Natchitoches Parish School Board is the governing and operating authority for all four districts, which represent a portion of the school board's boundaries and exist solely as taxing entities, including for the issuance and repayment of locally voted GO bonds, secured by unlimited ad valorem taxes levied on all taxable property within the boundaries of the districts. We view each school district as having very similar credit quality, differing slightly only in certain economic and debt ratios. In addition, the management and associated operations for the districts are identical. Although the ad valorem taxes from each district are derived from a subset of the school board's tax base, we do not view the school districts' taxing bases as being exposed to disproportionate risks relative to the school board. Therefore, we rate the bonds as on par with our view of the school board's general creditworthiness. The school board plans on using bond proceeds for the 2026 issuance for capital projects in District 11.

### Credit highlights

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Our rating reflects the school board's recent financial performance, uncertainty related to the potential loss of assessed value due to the departure of a major employer in the parish, a concentrated local economy, and manageable long-term liabilities. In the past two years, school board officials stated that reserves have been spent down due to one-time related expenditures related to construction projects; as well, some budgeted revenues did not materialize. In response, school board officials cut 78 positions over the past two fiscal years, with an estimated \$5 million savings a year, and have closed two schools, with preliminary discussions to close another two or three. The school board is expecting positive results for fiscal 2026 due to the closure of the schools and staff reductions.

In addition to the changes the school district faces with staffing, management has to deal with potential challenges around the closure of an International Paper facility in the district. At present, officials are unsure how the closure will affect property tax revenue. Reassessment of value in the parish is slated for 2028, and although officials believe the property value will not decline immediately given the building facility, they are uncertain by how much, if any, the value will drop, and have indicated the facility might be repurposed.

The parish reported multiple economic developments in various manufacturing and commercial facilities. In addition, Haynesville shale has experienced a recent uptick in activity with new leases signed. A new solar project is also coming to the parish. Northwestern State University, which is a significant presence in the parish, also reported increased enrollment, the opening of a new building, and the development of a sport nutrition performance center.

The rating also reflects our view of the following for the school board:

- Per capita gross county product for Natchitoches Parish is 61.0% of the U.S. level, and per capita personal income is 74.7%, which are at 'A' rating level medians. The parish has some economic uncertainty due to the recent closure of the International Paper facility. The local economy also has multiple industrial developments underway, including from RoyOMartin (a wood products company), Weyerhaeuser, and other projects at the Natchitoches Parish Port. Northwest State University is also seeing enrollment growth.
- Two years of deficits due to unrealized revenues and one-time expenditures related to Elementary and Secondary School Emergency Relief Fund grants from the pandemic. Officials have taken actions to reduce staff and close schools and expect a surplus in 2026. District enrollment has declined in recent years, and although officials expect continued modest declines in the next couple of years, a demographic study indicates enrollment could stabilize soon after.
- Reserves are supported by a formal reserve policy of 10% of expenditures. The school board is in compliance with this policy at present, but we believe reserves are low given uncertainty about property taxes and declining enrollment. In 2026, officials expect to report a surplus and add to reserves.
- Conservative management practices, with recent changes at the management level that include conservative budget assumptions, monthly budget-to-actual reports that are reviewed by the board, an informal investment policy mirroring state guidelines that governs investments, and a formal minimum reserve policy (10% of expenditures) that was adopted in August 2023. Management is conducting a facilities assessment, and is developing a maintenance backlog plan, due in September 2026.
- 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

Given the parish's proximity to the Gulf Coast, we consider the district to have a higher exposure to acute physical risks within our credit analysis, including severe weather events and intermittent flooding, as well as exposure to chronic physical risks, such as sea-level rise, extreme heat, and drought. Although typically extreme weather events are temporary, recurrence and prolonged exposure to these events can weaken property tax bases, tourism activity, and the pace of economic development for affected local governments.

## Outlook

The negative outlook reflects at least a one-in-three chance we could lower the ratings on the districts if fiscal 2026 results do not align with management expectations despite actions to reduce staff and close schools, and if property tax uncertainty from the International Paper closure causes continued deficits.

### Downside scenario

If fiscal 2026 or fiscal 2027 results show a spenddown of reserves, we could take another negative rating action.

### Upside scenario

If the school district can stabilize operations and maintain reserves at a level above the fund balance target for multiple years, we could take a positive rating action.

### Natchitoches Parish School Board, Louisiana--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	3.52
Economy	6.0
Financial performance	3
Reserves and liquidity	2
Management	3.35
Debt and liabilities	3.25

### Natchitoches Parish School Board, Louisiana--key credit metrics

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita % of U.S.	61	--	61	62
County PCPI % of U.S.	75	--	75	74
Market value (\$000s)	4,157,709	4,117,973	4,098,873	3,678,464
Market value per capita (\$)	114,566	113,471	112,945	100,455
Top 10 taxpayers % of taxable value	51.1	--	--	--
County unemployment rate (%)	5.4	5.4	5.5	4.8
Local median household EBI % of U.S.	58	--	58	53
Local per capita EBI % of U.S.	67	--	67	62
Local population	36,291	--	36,291	36,618

**Natchitoches Parish School Board, Louisiana--key credit metrics**

	Most recent	2025	2024	2023
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	64,179	62,667	60,715
Operating fund expenditures (\$000s)	--	66,979	66,635	63,485
Net transfers and other adjustments (\$000s)	--	912	1,242	1,951
Operating result (\$000s)	--	(1,888)	(2,726)	(819)
Operating result % of revenues	--	(2.9)	(4.3)	(1.3)
Operating result three-year average %	--	(2.9)	(0.9)	1.0
Enrollment	--	4,805	4,980	5,235
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	13.5	16.8	15.1
Available reserves (\$000s)	--	8,657	10,545	9,181
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	2.4	2.2	3.1
Net direct debt per capita (\$)	946	600	636	665
Net direct debt (\$000s)	34,320	21,775	23,085	24,340
Direct debt 10-year amortization (%)	64	77	31	63
Pension and OPEB cost % of revenues	--	14.0	14.0	14.0
NPLs per capita (\$)	--	1,790	1,787	1,794
Combined NPLs (\$000s)	--	64,974	64,842	65,679

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\$12,545,000 Consolidated School District No.11 of the Parish of Natchitoches, State of Louisiana, General Obligation School Bonds, Series 2026, dated: Date of delivery, due: March 01, 2046

Long Term Rating A/Negative

**New Rating**

**Local Government**

Natchitoches Parish Consolidated School District No. 11, LA Limited Tax General Obligation A/Negative

**Outlook Action**

	To	From
<b>Local Government</b>		
Natchitoches Parish Cons Sch Dist #7, LA Unlimited Tax General Obligation	A/Negative	A/Stable
Natchitoches Parish Cons Sch Dist #8, LA Unlimited Tax General Obligation	A/Negative	A/Stable
Natchitoches Parish Sch Dist #9, 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

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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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