S&P Global Ratings

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Research Update:

Iberia Parishwide School District, LA Series 2026 GO School Building Bonds Rated 'AA-'; Outlook Stable

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Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to Iberia Parishwide School District, Louisiana's proposed $25 million series 2026 general obligation (GO) school building bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' rating on the district's existing GO debt.
- The outlook is stable.

Rationale

Security

An unlimited ad valorem tax applied to all eligible property within the district secures the bonds.

The district will use the proceeds for various capital improvement projects throughout the district, according to the voter-approved bond proposition from 2023.

Credit highlights

The rating reflects the district’s strong financial performance and robust general fund reserves, which offset a weak economic profile characterized by lower wealth, income, and gross county product relative to peers. Rating stability depends on the district maintaining its strong reserve.

Conservative budgeting and proactive financial management have supported three consecutive general fund surpluses despite declining enrollment. While fiscal 2026 (June 30 fiscal year-end) results are preliminary estimates, results appear approximately balanced, with officials anticipating only a negligible deficit in a worst-case scenario.

For fiscal 2027, the budget includes a small enrollment decline and approximately $3 million in new expenditures due to a mandated teacher stipend, which may lead to an operational deficit. However, given the district's history of outperforming budget projections, officials expect year-end results will likely be closer to balanced. We believe the district will continue to make necessary adjustments to maintain balance without significant fund balance draws; however, sustained deficit operations and a trend of reserve declines could introduce rating pressure.

The rating reflects our view of the district's:

- Location in south central Louisiana with an economy focused on agriculture and oil-field services. Officials noted numerous industrial developments throughout the district, which are bringing in significant numbers of new jobs to the area. There is also commercial and residential development, with multiple subdivisions in stages of development slated to bring in hundreds of single-family homes. The district's population has been consistently declining, though officials believe these economic developments may lead to moderation in the rate of decline. Management also believes residential development could contribute to stabilization in enrollment trends.
- Robust reserves that support credit quality. While the district is exposed to elevated physical risks due to its location near the Gulf Coast, we believe the maintenance of strong reserves will allow it to respond to any immediate needs resulting from hurricane or flooding damage. The district maintains emergency preparedness policies and procedures to limit operational disruptions and to support its response after a natural disaster.
- Conservative budgeting practices that have supported balance despite enrollment declines. Management monitors the budget with monthly reporting to the board, and amends the budget as needed. There is no formal long-term financial forecasting or frequently updated capital plan. The district provides quarterly investment reports to the board and maintains a formal fund balance policy to maintain above 15% of expenditures in unrestricted general fund balance. The district's cybersecurity mitigation practices are in line with our view of credit quality.
- Debt is manageable, with pension liabilities that are elevated compared with many national peers' and elevated pension costs. The district will likely approach voters in the next few years to authorize additional debt that would be issued to continue working on its long-term capital improvement plan. The district does not have a set timing or amount for this authorization, but believes it would be similar in amount to the $62.5 million authorization from 2023.
- For more information on our institutional framework assessment for Louisiana school districts, see "Institutional Framework Assessment: Louisiana Local Governments," Sept. 9, 2024.

Outlook

The stable outlook reflects our view that local economic conditions will remain stable, supporting the district's finances and allowing the district to maintain its strong fund balance.

Downside scenario

We could consider a negative rating action if the district's operations become imbalanced or if capital needs lead to material draws on reserves without a plan to restore. We could also lower the rating if debt increases materially to levels that worsen debt metrics to levels no longer comparable with peers.

Upside scenario

While we do not view this as likely within our outlook horizon, we could take positive rating action if the local economy expands and diversifies, bringing economic metrics to levels comparable with higher-rated peers while the district develops a more comprehensive approach to long-term planning, improving our view of its financial management practices.

Iberia Parishwide School District, Louisiana--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	3.04
Economy	6.0
Financial performance	2
Reserves and liquidity	1
Management	2.70
Debt and liabilities	3.50

Iberia Parishwide School District, Louisiana--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	67	--	67	65
County PCPI % of U.S.	72	--	72	72
Market value ($000s)	5,946,518	5,552,582	5,361,736	5,314,036
Market value per capita ($)	88,676	82,801	78,836	77,280
Top 10 taxpayers % of taxable value	18.3	18.7	18.0	19.0
County unemployment rate (%)	4.6	4.5	4.5	4.0
Local median household EBI % of U.S.	62	62	72	75
Local per capita EBI % of U.S.	59	59	69	70
Local population	67,059	67,059	68,011	68,763
Financial performance				
Operating fund revenues ($000s)	--	125,552	126,312	114,173
Operating fund expenditures ($000s)	--	117,331	112,995	109,726
Net transfers and other adjustments ($000s)	--	(531)	--	1,308
Operating result ($000s)	--	7,690	13,317	5,755
Operating result % of revenues	--	6.1	10.5	5.0
Operating result three-year average %	--	7.2	4.3	2.9
Enrollment	--	10,763	11,032	11,221
Reserves and liquidity				
Available reserves % of operating revenues	--	57.6	53.7	47.1
Available reserves ($000s)	--	72,299	67,844	53,779
Debt and liabilities				
Debt service cost % of revenues	--	8.2	7.8	7.9
Net direct debt per capita ($)	1,594	1,392	1,201	1,158
Net direct debt ($000s)	106,921	93,323	81,677	79,608
Direct debt 10-year amortization (%)	62	74	87	--
Pension and OPEB cost % of revenues	--	9.0	9.0	10.0
NPLs per capita ($)	--	1,718	1,694	1,714
Combined NPLs ($000s)	--	115,180	115,180	117,834

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

Iberia Parishwide School District, Louisiana--key credit metrics

	Most recent	2025	2024	2023
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$25,000,000 Iberia Parishwide School District, Louisiana, General Obligation School Bonds, Series 2026, dated: Date of Delivery, due: March 1, 2046	
Long Term Rating	AA-/Stable
Ratings Affirmed	
Local Government	
Iberia Parishwide Sch Dist, LA Unlimited Tax General Obligation	AA-/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.