

RatingsDirect®

Summary:

**Lincoln Parish School District No. 1,
Louisiana**

**Lincoln Parish School District No. 6;
General Obligation**

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Summary:

**Lincoln Parish School District No. 1, Louisiana
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Obligation**

Credit Profile		
US\$17.5 mil GO sch bnds ser 2024 due 03/01/2029		
Long Term Rating	AA-/Stable	New
US\$2.0 mil GO sch bnds ser 2024 due 03/01/2044		
Long Term Rating	AA-/Stable	New
Lincoln Parish Sch Dist #1 Ruston GO		
Long Term Rating	AA-/Stable	Affirmed
Lincoln Parish Sch Dist #1 Ruston GO sch bnds ser 2016		
Long Term Rating	AA-/Stable	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AA-' long-term rating to Lincoln Parish School District No. 1 (Ruston), La.'s \$17.5 million series 2024 general obligation (GO) school bonds.
- At the same time, S&P Global Ratings assigned its 'AA-' long-term rating to Lincoln Parish School District No. 6 (Choudrant), La.'s \$2.0 million series 2024 GO school bonds.
- Lastly, S&P Global Ratings also affirmed its 'AA-' long-term rating on the existing GO bonds.
- The outlook is stable.

Security

Our rating is based on the application of our "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness" criteria, published Nov. 20, 2019 on RatingsDirect. Lincoln Parish School Board is the governing and operating authority for all parish districts, which represent a portion of a school district's boundaries and exist solely as taxing entities for the issuance and repayment of locally voted GO bonds. We view Nos. 1 and 6 and the school board as having very similar credit quality, differing slightly only in certain economic and debt ratios. In addition, management and associated operations for the districts and the school board are identical. While the ad valorem taxes from each district are derived from a subset of the school board's tax base, we do not view the districts' individual tax bases as being exposed to disproportionate risks relative to the school board. Therefore, we rate the individual district's bonds on par with our view of the board's general creditworthiness.

Revenue from an unlimited ad valorem tax levied on all taxable property within the districts secures the GO bonds.

Proceeds will be used for improvements to the district's academic and athletic facilities as well as for parking and

transportation infrastructure enhancements.

Credit overview

Lincoln Parish School Board maintains centralized financial operations for four parish school districts. Individual districts exist solely as taxing entities for the issuance and repayment of locally voted GO bonds.

Our rating reflects our view of the growing, though weak, local economy; very strong reserves; and low debt burden. Lincoln Parish is located in northern Louisiana; Ruston School District No. 1 serves Ruston (the parish seat) and portions of Grambling and Vienna, while Choudrant School District No. 6 is located in the southeastern corner of the parish, serving Tremont and Choudrant. The region has seen consistent growth in recent years, with new retail and commercial developments under way, as well as scattered residential projects highlighted by a 200-unit mixed-use development. Officials state that a significant amount of housing development is occurring in Choudrant and that there is ample developable land. Although we view this growth positively, we believe that the lagging incomes are a source of pressure on the rating.

The board has consistently outperformed the budget and has reported surpluses in the last three audited fiscals, with unaudited results for fiscal 2024 reflecting a \$4.46 million surplus (7.2% of expenditures). The board adopted a balanced budget in fiscal 2025 (June 30) and management indicates that it has no plans to spend down reserves. Given this, we believe that fund balances will remain very strong in the near term.

We view overall net debt as a percentage of market value as low for both Lincoln Parish School District No. 1 (Ruston) and No. 6 (Choudrant) and expect it to further moderate in the near term given the rapid amortization and lack of additional debt plans. Lincoln Parish School District No. 1 (Ruston) has four privately placed obligations outstanding; however, as there are no nonstandard events of default or acceleration rights, we do not view these instruments as carrying additional liquidity risk. The board paid its total annual required contribution of \$9.8 million toward its pension obligations, and a further \$4.5 million toward its other postemployment benefit (OPEB) obligations, in fiscal 2023. Combined pension and OPEB carrying charges totaled 14.9% of total governmental fund expenditures.

The 'AA-' rating reflects our view of the board's:

- Growing tax base, with low incomes that are lagging relative to market value growth. We note the presence of two universities, Grambling and Louisiana Tech, as a stabilizing factor in the local economy;
- Reserve balances that we consider very strong, bolstered by solid financial performance, stable-to-growing enrollment, and consistent outperformance of the budget;
- Standard financial management policies and practices under our Financial Management Assessment (FMA) methodology, highlighted by detailed use of historical data in budgetary forecasting, monthly budget-to-actual and investment reports, a formal investment policy that meets state guidelines, and an informal reserve target of 15% of operational expenditures, which the district has historically exceeded. Management is taking steps to mitigate cyber risk. The board does not engage in long-term capital or financial planning and lacks a debt management policy; and
- Overall net debt burden that we view as low relative to market value, with low carrying charges and rapid amortization, and high pressure from pension and OPEB liabilities.

Environmental, social, and governance

We view the board's social and governance factors as neutral in our credit analysis. Although none of the board's facilities have suffered damage from any recent storms, we view the environmental factors as somewhat elevated given the region's exposure to severe rainfall according to our Sustainable1 data.

Outlook

The stable outlook reflects our expectation that the board will maintain its very strong reserves and sound financial performance.

Downside scenario

We could lower the rating if finances were to deteriorate, leading to material draws on reserves to levels below what we consider comparable with those of similarly rated peers, or if incomes were to further weaken.

Upside scenario

All other credit factors remaining stable or improving, we could raise the rating if the local economy were to continue to expand, driving growth in wealth and income metrics to levels comparable to those of higher-rated peers, and if the board were to adopt more robust financial management policies.

Table 1

Lincoln Parish School District No. 1, Louisiana--Key credit metrics					
	Characterization	Most recent	Historical information		
			2023	2022	2021
Economic indicators					
Population			48,252	46,472	46,481
Median household EBI % of U.S.	Low		58	58	61
Per capita EBI % of U.S.	Low		61	66	72
Market value (\$000s)		3,180,073	3,083,591	2,971,118	2,899,027
Market value per capita (\$)	Strong	65,906	63,906	63,934	62,370
Top 10 taxpayers % of taxable value	Diverse	19.0	20.0	20.1	19.7
Financial indicators					
Total available reserves (\$000s)			16,929	14,015	11,976
Available reserves % of operating expenditures	Very strong		27.6	24.3	22.5
Total government cash % of governmental fund expenditures			46.7	48.9	55.6
Operating fund result % of expenditures			8.7	8.8	8.7
Financial Management Assessment	Standard				
Enrollment		5,809	5,579	5,584	5,590
Debt and long-term liabilities					
Overall net debt % of market value	Low	1.0	1.1	1.3	1.4
Overall net debt per capita (\$)	Very Low	923	687	839	903
Debt service % of governmental fund noncapital expenditures	Low		5.0	5.4	5.6
Direct debt 10-year amortization (%)	Rapid	90	75	73	70

Table 1

Lincoln Parish School District No. 1, Louisiana--Key credit metrics (cont.)					
	Characterization	Most recent	Historical information		
			2023	2022	2021
Required pension contribution % of governmental fund expenditures			10.6	10.8	11.2
OPEB actual contribution % of governmental fund expenditures			4.4	4.5	5.1
Minimum funding progress, largest pension plan (%)			121.7	127.8	134.8
EBI--Effective buying income. OPEB--Other postemployment benefits.					

Table 2

Lincoln Parish School District No. 6, Louisiana--Key credit metrics					
	Characterization	Most recent	Historical information		
			2023	2022	2021
Economic indicators					
Population			48,252	46,472	46,481
Median household EBI % of U.S.	Low		58	58	61
Per capita EBI % of U.S.	Low		61	66	72
Market value (\$000s)		470,427	447,991	431,482	410,655
Market value per capita (\$)	Low	9,749	9,284	9,285	8,835
Top 10 taxpayers % of taxable value	Moderately concentrated	25.3	25.0	24.9	27.1
Financial indicators					
Total available reserves (\$000s)			16,929	14,015	11,976
Available reserves % of operating expenditures	Very strong		27.6	24.3	22.5
Total government cash % of governmental fund expenditures			46.7	48.9	55.6
Operating fund result % of expenditures			8.7	8.8	8.7
Financial Management Assessment					
Enrollment		5,809	5,579	5,583	5,590
Debt and long-term liabilities					
Overall net debt % of market value	Low	1.0	1.1	1.3	1.5
Overall net debt per capita (\$)	Very Low	136	105	120	130
Debt service % of governmental fund noncapital expenditures	Low		5.0	5.4	5.6
Direct debt 10-year amortization (%)	Rapid	75	100	100	100
Required pension contribution % of governmental fund expenditures			10.6	10.8	11.2
OPEB actual contribution % of governmental fund expenditures			4.4	4.5	
Minimum funding progress, largest pension plan (%)			121.7	127.8	134.8
EBI--Effective buying income. OPEB--Other postemployment benefits.					

Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Ratings Detail (As Of July 16, 2024)		
Lincoln Parish Sch Dist #6 - Choudrant GO		
Long Term Rating	AA-/Stable	Affirmed

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 www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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