

Research Update:

# Harris Lake Park Community School District, IA Series 2026 GO School Bonds Assigned 'A+' Rating; Outlook Stable

April 1, 2026

## Overview

- S&P Global Ratings assigned its 'A+' rating to [Harris Lake Park Community School District](#), Iowa's anticipated \$1.66 million series 2026 general obligation (GO) school bonds.
- The outlook is stable.

## Rationale

### Security

The district's unlimited ad valorem tax GO pledge secures its GO bonds. Proceeds will be used to fund capital projects across the district.

### Credit highlights

The district's credit profile reflects its large available reserves relative to its size, and our expectation that available reserves will remain high compared with revenue despite a multi-year plan to draw down. The district's debt burden is very high relative to its small population, although we note the debt burden is moderate compared with property values. Other key credit characteristics include the district's small population and rural tax base, with significant lakefront property and highly valued agricultural property propping up taxable values.

The district's efforts to budget conservatively, such as by maximizing expenditures in annual budgets that it routinely outperforms, along with strong property value growth, have supported its accumulation of very strong available reserves. Although the district's annually updated five-year forecast shows planned drawdowns through at least fiscal 2029 to bring its solvency ratio closer to its soon-to-be revised 35% target, management expects to report an \$85,000 surplus in fiscal 2025 based on unaudited actuals. Projections for 2026 show a similar modest surplus based on performance to date. However, we still consider rising expenditures, particularly special education costs and teacher salaries, to be potential sources of pressure on financial performance. We do not consider the planned spenddowns indicative of credit weakness because reserves have been extremely strong, particularly relative to other school districts in

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Iowa. Furthermore, we believe management has demonstrated strong control over its budget, and we expect the district will work to rebalance its budget following the period of planned drawdowns.

Certified enrollment, the primary driver of state funding, has been stable at about 290 in recent years. Management expects this trend will continue, pointing to two housing developments in progress as possibly providing small boosts in the next few years.

Key credit factors include the following:

- The district's tax base is rural and primarily residential, with significant agricultural activity, and home values propped up by lakefront properties around Silver Lake. Effective buying incomes are near national levels on a per capita and median household basis. The district's tax base is moderately concentrated, with two wind farms accounting for about 15% of taxable value.
- We expect available reserves will remain very strong, even as they decrease significantly via planned drawdowns to accommodate rising staffing and programming costs while bringing reserves closer to targeted levels. Medium-term performance will likely show operating deficits that are material but better than budgeted, due in part to consistently conservative budgeting practices.
- We consider budgeting practices reasonable, including the use of at least six years of historical data to inform budgeting, monthly budget-to-actual reports to the board, and budget amendments in some years. The district maintains an annually updated five-year operating forecast and a facilities maintenance plan updated and shared with the board monthly. The district does not have formal investment or debt policies. Management indicates the district plans to increase its targeted minimum for available reserves to a 35% solvency ratio, from the current 25%, to maintain a healthy nominal level of available reserves, given the district's relatively small size.
- The district's substantial debt burden remains a limiting factor. We consider debt very high on a per capita basis but moderate compared with property values (net direct debt is 4.0% of market value), with elevated carrying charges. The district's pension liability is well funded and we expect all-in retirement benefit costs will remain manageable.
- For more information on our institutional framework assessment for Iowa school districts, see "[Institutional Framework Assessment: Iowa Local Governments](#)," Sept. 9, 2024.

## Environmental, social, and governance

We consider the district's environmental, social, and governance factors credit neutral.

## Outlook

The stable outlook reflects our expectation that the district will continue to prudently manage its budget as it embarks on a period of planned general fund reserve drawdowns to bring reserves closer to targeted levels while accommodating rising operating costs. It further reflects our expectation that available reserves will remain robust and a key credit strength, as the district continues through the current period of high capital investment and significant debt additions.

## Downside scenario

If the district's operating deficits are much larger than planned and we do not believe it will sustain available reserves at or above the targeted level, we could lower the rating.

## Upside scenario

Although we do not anticipate raising the rating, given the district's increasing debt burden, we could do so if it sustains available reserves near current levels despite the planned drawdowns, the economy diversifies, and debt metrics moderate compared with anticipated levels.

### Harris Lake Park Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.56
Economy	2.5
Financial performance	3
Reserves and liquidity	1
Management	2.30
Debt and liabilities	4.00

### Harris Lake Park Community School District, Iowa--key credit metrics

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	96	96	91	92
County PCPI % of U.S.	116	116	114	116
Market value (\$000s)	500,466	392,544	388,243	380,871
Market value per capita (\$)	267,915	210,141	208,173	204,549
Top 10 taxpayers % of taxable value	30.2	--	--	--
County unemployment rate (%)	3.2	3.1	3.0	3.0
Local median household EBI % of U.S.	106	106	98	92
Local per capita EBI % of U.S.	108	108	96	96
Local population	1,868	1,868	1,865	1,862
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	4,557	4,110	4,245
Operating fund expenditures (\$000s)	--	4,855	4,202	4,109
Net transfers and other adjustments (\$000s)	--	--	--	--
Operating result (\$000s)	--	(298)	(92)	136
Operating result % of revenues	--	(6.5)	(2.2)	3.2
Operating result three-year average %	--	(1.9)	2.4	--
Enrollment	--	282	294	297
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	66.9	81.1	80.2
Available reserves (\$000s)	--	3,048	3,332	3,403
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	5.4	5.0	7.0
Net direct debt per capita (\$)	10,090	786	786	894

**Harris Lake Park Community School District, Iowa--key credit metrics**

	Most recent	2024	2023	2022
Net direct debt (\$000s)	18,848	1,468	1,466	1,665
Direct debt 10-year amortization (%)	43	100	100	100
Pension and OPEB cost % of revenues	--	4.0	4.0	4.0
NPLs per capita (\$)	--	516	641	548
Combined NPLs (\$000s)	--	965	1,196	1,020

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\$1.66 mil GO sch bnds ser 2026 due 05/01/2045

Long Term Rating A+/Stable

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](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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