

Research Update:

Lewis Central Community School District, IA Series 2026 GO School Bonds Assigned 'A+' Rating

April 1, 2026

Overview

- S&P Global Ratings assigned its 'A+' long-term rating to [Lewis Central Community School District](#), Iowa's \$9.5 million series 2026 general obligation (GO) school bonds.
- At the same time, we affirmed our 'A+' rating on the district's outstanding GO debt.
- The outlook is stable.

Rationale

Security

The district's ad valorem property tax GO pledge secures the series 2026 bonds, which were approved as the second tranche of a \$30 million total authorization in the fall of 2024. Proceeds of the voter-approved debt are financing a variety of districtwide projects and upgrades, including HVAC, safety enhancements, building additions and renovation, and general classroom and infrastructure upgrades. The district has \$47 million in direct debt outstanding, \$17.4 million of which is supported by sales taxes.

Credit highlights

Although the district continues to slowly draw on reserves, reflecting its multiyear plan to align them with its fund balance policy, we believe its budget is operationally balanced. Operational balance is supported by steady enrollment and an expanding economic base, though taxpayer concentration remains high.

General fund reserves peaked at \$9.3 million, or 25% of revenues in fiscal 2022, and are being strategically drawn down to roughly 20% through planned deficits continuing through fiscal years 2025 and 2026. The district's certified annual report shows a \$466,000 general fund deficit (1% of revenue) in 2025, ending with \$8.9 million (21% of revenue) in unassigned reserves, with similar results expected for 2026. We anticipate a return to balanced operations in 2027, as reserves align with the 15%-20% fund balance policy, supported by manageable salary and benefit increases set against growing tax revenues and state aid benefitting from the district's proximity to Omaha and Council Bluffs, which is driving residential, commercial, and industrial growth, alongside stable enrollment. This should result in healthy, sustainable reserve levels.

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Credit fundamentals further supporting the 'A+' rating include the following credit factors:

- The district is primarily in Pottawattamie County, which is largely rural and has per capita gross county product (GCP) and per capita personal incomes (PCPIs) below the U.S. level. One rating constraint is the district's concentrated tax base, but officials indicate no issues with tax appeals or delinquencies.
- Modest deficits notwithstanding, the district's financial operations are structurally balanced and supported by sound management practices. The district targets a reserve that compares well with peers, and we expect it will remain stable over the next several years.
- Management practices support financial stability, including annually updated long-term financial planning that informs the annual budget, monthly budget-to-actual reporting, and some formal and informal policies to help manage debt, investments, and reserves. The formal reserve policy targets a 15%-20% solvency ratio. The district's cybersecurity procedures align with those of peers.
- Although its debt burden has increased with recent issuances, the debt and liability profile remains manageable. Officials have no additional debt plans. The series 2026 bonds are front loaded and will contribute to higher overall debt service carrying charges, likely no higher than 14% in the near term based on the pro forma debt schedule. Pension and other postemployment liabilities are manageable and we do not expect material budgetary pressures to arise from them.
- 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 view the district's environmental, social, and governance factors as neutral within our credit rating analysis. Parts of the district are susceptible to flooding, but its buildings have not been affected.

Outlook

The stable outlook reflects our view that the district will maintain reserves in keeping with its fund balance policy even as its fixed costs increase, the local economy will grow steadily, and enrollment will remain predictable during the outlook period.

Downside scenario

We could lower the rating if the district's financial performance worsens beyond what is projected, causing reserves to fall below stated policy levels without a timely replenishment plan.

Upside scenario

We could raise the rating if the local economy were to experience diversification, reflected both in consistent growth in county GCP and PCPI metrics as well as easing taxpayer concentration, while the district maintains a manageable debt burden and consistent financial profile.

Lewis Central Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.46

Lewis Central Community School District, Iowa--credit summary

Economy	3.5
Financial performance	3
Reserves and liquidity	1
Management	2.30
Debt and liabilities	2.50

Lewis Central Community School District, Iowa--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	76	76	74	73
County PCPI % of U.S.	86	86	84	84
Market value (\$000s)	5,191,724	4,565,396	3,715,537	3,695,183
Market value per capita (\$)	308,829	271,572	223,236	212,172
Top 10 taxpayers % of taxable value	33.5	--	35.1	--
County unemployment rate (%)	3.6	3.1	3.0	3.0
Local median household EBI % of U.S.	111	111	106	103
Local per capita EBI % of U.S.	109	109	102	96
Local population	16,811	16,811	16,644	17,416
Financial performance				
Operating fund revenues (\$000s)	--	39,837	38,301	37,071
Operating fund expenditures (\$000s)	--	40,876	38,471	37,343
Net transfers and other adjustments (\$000s)	--	935	106	266
Operating result (\$000s)	--	(104)	(64)	(6)
Operating result % of revenues	--	(0.3)	(0.2)	--
Operating result three-year average %	--	(0.1)	2.1	4.4
Enrollment	--	2,959	2,951	2,948
Reserves and liquidity				
Available reserves % of operating revenues	--	23.4	24.3	25.0
Available reserves (\$000s)	--	9,326	9,317	9,275
Debt and liabilities				
Debt service cost % of revenues	--	3.1	3.3	3.7
Net direct debt per capita (\$)	2,819	1,135	1,197	1,190
Net direct debt (\$000s)	47,389	19,088	19,918	20,717
Direct debt 10-year amortization (%)	86	52	48	44
Pension and OPEB cost % of revenues	--	5.0	5.0	5.0
NPLs per capita (\$)	--	552	691	590
Combined NPLs (\$000s)	--	9,272	11,493	10,273

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.

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Ratings List

New Issue Ratings

US\$9,500,000 Lewis Central Community School District, Iowa, General Obligation School Bonds, Series 2026, dated: Date of Delivery, due: June 1, 2032

Long Term Rating	A+/Stable
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Ratings Affirmed

Local Government

Lewis Cent Comnty Sch Dist IA Unlimited Tax	A+/Stable
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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.

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