

Research Update:

South Winneshiek Community School District, IA Series 2026 GO School Bonds Rated 'A-'

September 9, 2026

Overview

- S&P Global Ratings assigned its 'A-' long-term rating to [South Winneshiek Community School District](#) (CSD), Iowa's \$10 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. South Winneshiek CSD will use proceeds to fund capital projects at its high school campus.

Credit highlights

The rating reflects our view of the district's somewhat limited local economy, trend of negative financial performance that has contributed to thin reserves, and a debt and liabilities profile that we expect will deteriorate in the near term given the district's additional debt plans.

Although the district faces pressures from escalating compensation expenditures, we believe it will return to balanced operations in the medium term following management's implementation of cost controls and operational efficiencies. The district, located in northeast Iowa, serves approximately 500 students in the rural communities of Calmar, Ossian, Castalia, Spillville, and unincorporated areas of Conover and Festina. Despite the limited agricultural tax base, incomes are stable and compare favorably with those of peers. Nevertheless, the limited and stagnant local population constrains our view of the district's economic base.

Based on unaudited results, management expects a modest \$82,000 deficit (equivalent to about 1% of revenues) in fiscal 2026, with retirements, staffing reductions, and what we think is a proactive approach to operational sharing contributing to cost savings relative to the prior year. Management expects to further reduce expenditures relative to natural growth in fiscal 2027 and anticipates ending the year with balanced general fund results.

Credit fundamentals that further support the rating include the following factors:

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- The district has a stable, albeit limited, tax base. Assessed valuations have increased steadily in recent years, which management expects will continue based on local economic activity. Incomes--both on a median household and per capita basis--and market value per capita compare favorably with those of similarly rated peers and indicate some economic strength for the district. We consider the small population a source of economic vulnerability, which we have incorporated into our analysis.
- The recent trend of deficits is driven by additional staffing, as well as inflationary cost pressures on compensation and insurance premiums. Based on the modest deficit expected in fiscal 2026 and the breakeven budget in the general fund in fiscal 2027, we expect finances will stabilize given the implementation of cost control measures and additional revenues from a cash reserve levy.
- Reserves have fallen to levels that we consider nominally low, which we view as a credit weakness. The district did not use its cash reserve levy in fiscal 2026. Although the district expects its cash reserve levy to generate approximately \$1.01 million in fiscal 2027, management anticipates the available general fund balance will remain stagnant. We view the district's maintenance of reserves below \$1 million as a potential liquidity risk and believe that further draws on reserves could pressure the rating. For more information, see "[U.S. Local Governments Credit Brief: Iowa School Districts Means And Medians](#)," April 23, 2026.
- Management practices align with those of peers, including conservative revenue and expenditure assumptions with regular monitoring and reporting; an annually updated five-year financial forecast; a regularly updated long-term capital plan; and formal debt and investment management policies, with monthly reporting of investment holdings and earnings. Although management intends to increase reserves to about 12% of expenditures, South Winneshiek CSD currently lacks a formal or informal reserve target. We view cyber risk mitigation measures as consistent with our view of its credit fundamentals.
- The debt and liabilities profile is escalating. The district plans to issue its \$3 million remaining GO authorization and approximately \$7.3 million in Secure an Advanced Vision for Education bonds within the next two years, which we have incorporated into our assessment of the debt burden. Although we expect net direct debt per capita will increase materially, we believe carrying charges will remain manageable. We do not consider pensions to be a source of pressure as the district participates in the well-funded Iowa Public Employee Retirement System.
- For more information on our institutional framework assessment for Iowa school districts, see "[Institutional Framework Assessment: Iowa Local Governments](#)," Sept. 9, 2024.

Outlook

The stable outlook reflects our expectation that the district will achieve and maintain balanced operations, making further cuts as necessary and bolstered by revenues from its cash reserve levy.

Downside scenario

We could lower the rating if the district is unable to reach structural balance, leading to further deterioration in available fund balance.

Upside scenario

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We could raise the rating if the district's debt profile improves, it maintains balanced operations, and grows reserves to levels commensurate with those of higher-rated peers.

South Winneshiek Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	3.53
Economy	3.0
Financial performance	4
Reserves and liquidity	5
Management	2.65
Debt and liabilities	3.00

South Winneshiek Community School District, Iowa--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita as % of U.S.	--	--	77	77
County PCPI as % of U.S.	--	--	91	91
Market value (\$000s)	651,576	531,090	449,776	437,356
Market value per capita (\$)	153,529	125,139	105,730	103,443
Top 10 taxpayers as % of taxable value	--	--	--	--
County unemployment rate (%)	--	3.2	2.9	3.0
Local median household EBI as % of U.S.	--	104	105	96
Local per capita EBI as % of U.S.	--	109	109	101
Local population	--	4,244	4,254	4,228
Financial performance				
Operating fund revenue (\$000s)	--	8,463	8,025	8,261
Operating fund expenditures (\$000s)	--	9,221	8,509	7,824
Net transfers and other adjustments (\$000s)	--	(50)	4	4
Operating result (\$000s)	--	(808)	(480)	441
Operating result as % of revenue	--	(9.5)	(6.0)	5.3
Operating result three-year average %	--	(3.4)	--	--
Enrollment	--	507	506	489
Reserves and liquidity				
Available reserves as % of operating revenue	--	4.0	15.2	20.7
Available reserves (\$000s)	--	340	1,223	1,706
Debt and liabilities				
Debt service cost as % of revenue	--	0.2	0.2	0.2
Net direct debt per capita (\$)	2,364	7	11	14
Net direct debt (\$000s)	10,031	31	46	60
Direct debt 10-year amortization (%)	38	100	100	100
Pension and OPEB cost as % of revenue	--	4.5	4.5	4.3
NPLs per capita (\$)	--	449	448	532
Combined NPLs (\$000s)	--	1,905	1,905	2,251

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

South Winneshiek Community School District, Iowa--key credit metrics

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\$10,000,000 South Winneshiek Community School District, Iowa, General Obligation School Bonds, Series 2026, dated: Date of Delivery, due: June 1, 2046

Long Term Rating	A-/Stable
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New Rating

Local Government

South Winneshiek Community School District, IA Unlimited Tax General Obligation	A-/Stable
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South Winneshiek Comnty Sch Dist, IA School Infrastructure, Sales, Services and Use Tax	
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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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