

Research Update:

# West Salem School District, WI GO Promissory Notes Assigned 'AA-' Rating; Outlook Stable

March 11, 2026

## Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to West Salem School District, Wis.' \$5.0 million general obligation (GO) promissory notes, tentatively dated April 7, 2026.
- At the same time, S&P Global Ratings affirmed its 'AA-' underlying rating on the district's existing GO debt.
- The outlook is stable.

## Rationale

### Security

The district's full-faith-and-credit unlimited-tax GO pledge secures the notes. Officials intend to use note proceeds to expand career and technical education (CTE) facilities and to address capital maintenance needs.

### Credit highlights

The 'AA-' rating reflects our view of the financial stability provided by the district's proactiveness and thorough budgetary monitoring. The district has a formal fund balance policy equal to 12% of expenditures; however, unlike S&P Global Ratings, its calculation of reserves does not exclude non-spendable or restricted funds. Through robust budgetary monitoring, the district has been able to sustain a fund balance close to the policy level when including restricted and non-spendable funds; however, in our view, available reserves (both assigned and unassigned funds) are relatively weak compared with peers' relative to revenue. Although they adhere to the district's policy, we view reserves as an offsetting credit attribute.

The \$31.5 million fiscal 2026 budget reflects a moderate spending increase from fiscal 2025 when excluding bond-funded capital outlay from fiscal 2025 expenditures. In fiscal 2025, the general fund had a moderate deficit although this was entirely driven by capital spending. Net of the capital outlays and bond proceeds, fiscal 2025 finished with a marginal surplus equal to about 1.5% of general fund revenue. The moderate spending increase in 2026 will be offset by a voter-approved operating levy capacity increase that will not sunset. Officials indicate that the referendum allows them to capture \$3.5 million in additional revenue but that the district does

### Primary Contact

**Joseph Vodziak**  
Chicago  
1-312-233-7094  
joseph.vodziak  
@spglobal.com

### Secondary Contact

**Alex C Swanson**  
Englewood  
303-721-4323  
alex.swanson  
@spglobal.com

not expect to use all of the additional authority in fiscal 2026. This increased revenue will help the district fund new positions for its CTE expansion as well as manage any unexpected changes to state or federal aid. We view this additional flexibility as a key factor supporting the rating, as reserves are below average for the 'AA-' rating and will likely remain so given the district's policy target.

Credit fundamentals supporting the rating include our opinion of the following:

- Both real gross county product for La Crosse County and per capita gross product have lagged national rates in recent years. We view the district's service area as primarily a bedroom community for the city of La Crosse. There is a limited amount of new development in the district, but space remains for additional development and growth. The district's population and enrollment have consequently been stable, but officials are aiming to reduce the number of residents choosing to enroll in other districts by opening pre-kindergarten services. We believe access to employment in La Crosse and room for additional development will help maintain stability in the local economy.
- Given the district's additional revenue-raising capacity, we expect financial performance will likely remain at least balanced during the next few fiscal years and that the district will maintain reserves in line with its policy target. The district's predictable operating environment from stable enrollment trends, lack of collective bargaining agreements, well-funded pensions, and a predictable state funding environment for school finances, combined with its budgetary monitoring and forecasting, further support this expectation.
- Financial management framework includes forward-looking budgetary practices with robust monitoring, comprehensive long-term financial planning used ahead of referendums and the monitoring of capital needs, formal debt and investment policies that adhere to statutory limits, and a formal reserve policy that the district closely adheres to. We note that the district's reserve policy was previously targeted between 12% and 17% and that it had not strictly adhered to the lower limit. However, since the adoption of the new policy in May 2022, the district has maintained funds at levels that comply with the new policy. The district has preventive measures in place to help reduce cyber security risks.
- Direct debt totals \$45.6 million and the district has no plans to issue additional debt. Officials believe that with the bond proceeds, the district's facility and capital needs should be stable through at least the next five years. While there is an increase to debt service requirements in fiscal 2036, the district intends to pre-fund a portion of this payment and has the flexibility to restructure a portion of it if necessary. The district also maintains a line of credit to manage cash-flow timing needs that it regularly uses but does not currently have an outstanding balance on.
- Exposure to retirement liabilities is limited because Wisconsin Retirement System is regularly among the nation's best-funded pension systems. It was 98.8% funded as of Dec. 31, 2024, with a district net pension liability of \$1.2 million. The district offers limited other postemployment benefits (OPEB), for which it has a trust that covers 10% of the liability, with a \$1.8 million net OPEB liability.
- For more information on our institutional framework assessment for Wisconsin school districts, see "[Institutional Framework Assessment: Wisconsin Local Governments](#)," Sept. 10, 2024 on RatingsDirect.

## **Environmental, social, and governance**

Environmental, social, and governance credit factors are neutral within the credit analysis.

## Outlook

The stable outlook reflects S&P Global Ratings' expectation that operations will remain at least balanced during the next few fiscal years given the additional flexibility provided by a voter-authorized levy increase.

### Downside scenario

Should budgetary pressure emerge, reserves diminish from current levels, or the district's reliance on cash-flow borrowing to support operations increase materially, we could lower the rating.

### Upside scenario

We could raise the rating if the district's reserves materially increased, its debt moderated, and its economic metrics improved to levels more commensurate with those of higher-rated peers.

### West Salem School District, Wisconsin--Credit summary

|                                 |      |
|---------------------------------|------|
| Institutional framework (IF)    | 2    |
| Individual credit profile (ICP) | 2.47 |
| Economy                         | 3.0  |
| Financial performance           | 2    |
| Reserves and liquidity          | 2    |
| Management                      | 2.35 |
| Debt and liabilities            | 3.00 |

### West Salem School District, Wisconsin--Key credit metrics

|  | Most recent | 2025      | 2024      | 2023      |
|--|-------------|-----------|-----------|-----------|
| <b>Economy</b>                               |             |           |           |           |
| Real GCP per capita % of U.S.                | 93          | --        | --        | 93        |
| County PCPI % of U.S.                        | 89          | --        | --        | 89        |
| Market value (\$000s)                        | 1,699,116   | 1,513,125 | 1,442,530 | 1,261,297 |
| Market value per capita (\$)                 | 165,139     | 147,062   | 140,201   | 122,957   |
| Top 10 taxpayers % of taxable value          | 5.0         | 4.0       | --        | --        |
| County unemployment rate (%)                 | 2.6         | 2.6       | 2.6       | 2.4       |
| Local median household EBI % of U.S.         | 104         | --        | 104       | 105       |
| Local per capita EBI % of U.S.               | 98          | --        | 98        | 99        |
| Local population                             | 10,289      | --        | 10,289    | 10,258    |
| <b>Financial performance</b>                 |             |           |           |           |
| Operating fund revenues (\$000s)             | --          | 30,092    | 30,187    | 27,384    |
| Operating fund expenditures (\$000s)         | --          | 31,155    | 29,740    | 27,346    |
| Net transfers and other adjustments (\$000s) | --          | 1,514     | (42)      | (248)     |
| Operating result (\$000s)                    | --          | 451       | 405       | (210)     |
| Operating result % of revenues               | --          | 1.5       | 1.3       | (0.8)     |
| Operating result three-year average %        | --          | 0.7       | 0.6       | 1.0       |

**West Salem School District, Wisconsin--Key credit metrics**

|  | Most recent | 2025   | 2024   | 2023   |
|--|-------------|--------|--------|--------|
| Enrollment                                 | --          | 1,868  | 1,833  | 1,854  |
| <b>Reserves and liquidity</b>              |             |        |        |        |
| Available reserves % of operating revenues | --          | 13.1   | 11.0   | 11.0   |
| Available reserves (\$000s)                | --          | 3,957  | 3,328  | 3,007  |
| <b>Debt and liabilities</b>                |             |        |        |        |
| Debt service cost % of revenues            | --          | 13.5   | 6.6    | 9.1    |
| Net direct debt per capita (\$)            | 4,436       | 3,950  | 1,946  | 2,104  |
| Net direct debt (\$000s)                   | 45,637      | 40,637 | 20,023 | 21,585 |
| Direct debt 10-year amortization (%)       | 39          | 43     | 74     | --     |
| Pension and OPEB cost % of revenues        | --          | 4.0    | 4.0    | 4.0    |
| NPLs per capita (\$)                       | --          | 118    | 109    | 387    |
| Combined NPLs (\$000s)                     | --          | 1,213  | 1,121  | 3,973  |

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\$5,000 mil GO prom nts dtd 4/1/2026 due 4/1/2036

Long Term Rating AA-/Stable

**Ratings Affirmed**

**Local Government**

West Salem Sch Dist, WI 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.

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## West Salem School District, WI GO Promissory Notes Assigned 'AA-' Rating; Outlook Stable

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