

Research Update:

Durant Community School District, IA's Series 2025 GO School Bonds Assigned 'A+' Rating

September 8, 2025

Overview

- S&P Global Ratings assigned its 'A+' long-term rating to [Durant Community School District](#) (CSD), Iowa's \$4.4 million series 2025 general obligation (GO) school bonds.
- At the same time, S&P Global Ratings affirmed its 'A+' long-term rating on the CSD's previously issued GO debt.
- The outlook is stable.

Rationale

Security

Revenue from the district's unlimited ad valorem tax secures the bonds. Bond proceeds will be used for facility improvements.

Credit highlights

Durant CSD is a smaller district, in terms of tax base and enrollment, situated near the Quad Cities (Bettendorf and Davenport, Iowa; and East Moline, Moline, and Rock Island, Ill.). The demand for small classes has been robust in the region and has led to a significant number of families' using open enrollment to attend Durant CSD. This has resulted in enrollment exceeding budget expectations and, in turn, larger-than-anticipated state aid collections. The favorable revenue has fueled strong balanced operating results in the face of inflationary and special education cost pressures. The CSD has adopted a minor deficit in the fiscal 2026 budget. Officials report that this budget is conservative and expect the CSD will end the year with another balanced general fund result. Given enrollment trends, we expect 2026 will end in line with these expectations. Officials report that unaudited results for fiscal 2025 indicate a balanced general fund result as open enrollment met expectations. With the use of five-year financial forecasting, we believe the CSD will continue to generate balanced results. However, we expect no material

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increases in reserves, as the CSD aims to maintain a fund balance that provides it with the authority to utilize relatively small cash reserve levies in most years.

The district spans three counties with approximately 50% of the tax base in Cedar and the other 50% split between Muscatine and Scott. Key economic metrics across these three counties differ somewhat, with gross county product (GCP) per capita as a percentage of the U.S. being lower in Cedar and per capita personal income being lower in Muscatine. The starting point for our economic assessment reflects Cedar County. We acknowledge that these scores may be slightly understated given Cedar County's lower GCP, but the three counties have a somewhat elevated concentration of GCP in the agricultural industry, which we've determined is more volatile, supporting our decision to not make any adjustments in our assessment.

The rating further reflects our view of the CSD's:

- Slightly below-average regional GCP per capita and per capita personal income metrics. While residents have access to the Quad Cities for work, we believe economic metrics are not reflective of this and more reflective of the local concentration in the agricultural industry, which we deem volatile. Local population trends are stagnant, and officials report that the local economy is stable. We expect key and supporting economic metrics to remain at levels that support the assessment through the near term.
- Stable operating results in recent years stemming from open enrollment exceeding expectations and thus bringing in more revenue to offset inflationary and special education cost pressures. Management expects balanced operating results to continue through fiscal 2026 and, based on budgetary practices and enrollment trends, we view these expectations as realistic.
- Healthy reserves as a percentage of budget. However, the budget is small and therefore the fund balance is small on a nominal basis, which we believe will result in more drastic fluctuations in reserves as a percentage of budget should unexpected spending needs arise. With the district aiming to maintain authority to utilize its cash reserve levy, we expect no material increases in reserves.
- Robust budgetary practices reflected in operating results that are far more stable than those of peers in the state, use of long-term financial planning tools that support budgetary practices, policies that align with statutory limitations and Iowa Assn. of School Boards recommendations, and cybersecurity practices that align with those of peers.
- Somewhat elevated debt burden on a per capita basis. However, voters approved this debt, and we expect that, with the associated cost increases and corresponding levies, it will remain manageable. The pension liability burden is also manageable. The CSD makes required contributions to a well-funded state pension system, and we expect no material cost pressures to arise from it. With no additional debt plans, we expect the debt and liability profile will remain stable.
- Institutional framework aligning with that of all Iowa school districts. For more information see ["Institutional Framework Assessment: Iowa Local Governments,"](#) Sept. 9, 2024.

Environmental, social, and governance

We have analyzed environmental, social, and governance factors and view them as neutral in our credit rating analysis.

Outlook

The stable outlook reflects our view that operating result trends will persist into fiscal years 2025 and 2026, resulting in relatively stable reserves' supporting overall credit stability over the two-year outlook period.

Downside scenario

We could take a negative rating action if a budgetary gap develops that is not quickly remediated or if a large draw on reserves occurs without a credible plan for quick restoration.

Upside scenario

We could raise the rating if economic growth were to occur, pushing income and GCP metrics to levels more commensurate with those of higher-rated peers.

Durant Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.48
Economy	4.0
Financial performance	2
Reserves and liquidity	2
Management	1.65
Debt and liabilities	2.75

Durant Community School District, Iowa-- Key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita as % of U.S.	52	--	52	55
County PCPI as % of U.S.	96	--	96	104
Market value (\$000s)	501,727	408,773	399,776	389,372
Market value per capita (\$)	163,802	133,455	130,135	126,337
Top 10 taxpayers as % of taxable value	15.8	15.4	--	--
County unemployment rate (%)	3.2	3.0	3.0	2.9
Local median household EBI as % of U.S.	110	110	113	105
Local per capita EBI as % of U.S.	100	100	102	96
Local population	3,063	3,063	3,072	3,082
Financial performance				
Operating fund revenue (\$000s)	--	9,020	8,451	8,098
Operating fund expenditures (\$000s)	--	9,056	8,447	8,094
Net transfers and other adjustments (\$000s)	--	23	30	12
Operating result (\$000s)	--	(13)	34	16
Operating result as % of revenue	--	(0.1)	0.4	0.2
Operating result three-year average %	--	0.2	1.0	2.2
Enrollment	--	631	628	562

Durant Community School District, Iowa--
Key credit metrics

	Most recent	2024	2023	2022
Reserves and liquidity				
Available reserves as % of operating revenue	--	17.4	20.1	20.9
Available reserves (\$000s)	--	1,571	1,697	1,696
Debt and liabilities				
Debt service cost as % of revenue	--	1.0	--	1.1
Net direct debt per capita (\$)	4,461	3,316	--	--
Net direct debt (\$000s)	13,664	10,156	1	--
Direct debt 10-year amortization (%)	53	74	--	--
Pension and OPEB cost % of revenues	--	5	5	5
NPLs per capita (\$)	--	693	857	717
Combined NPLs (\$000s)	--	2,124	2,632	2,209

Financial data may reflect analytical adjustments and is 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. EBI--Effective buying income. GCP--Gross county product. NPL--Net pension liability. OPEB--Other postemployment benefits. PCPI--Per capita personal income.

Ratings List

New Issue Ratings

US\$4.35 mil GO sch bnds ser 2025 due 06/01/2044

Ratings Affirmed

Local Government

Durant Comnty Sch Dist, IA Unlimited Tax General Obligation A+/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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