

Research Update:

St. Louis County School District C-2 (Parkway), MO \$100 Million Series 2025 GO Refunding Bonds Assigned 'AAA' Rating

September 26, 2025

Overview

- S&P Global Ratings assigned its 'AAA' rating to St. Louis County Parkway School District C-2, Mo.'s \$100 million series 2025 general obligation (GO) refunding bonds
- At the same time, S&P Global Ratings affirmed its 'AAA' rating on the district's existing GO debt.
- The outlook is stable.

Rationale

Security

The bonds are secured by the district's GO pledge to levy ad valorem taxes without limitation as to rate or amount on all taxable property within its borders. Bond proceeds will be used to renovate and equip school facilities including capital replacements and classroom technology and network upgrades.

Credit highlights

Parkway's robust economy, history of positive financial performance, substantial reserve levels, and thorough management policies and practices bolster the rating. Offsetting these credit strengths is the district's elevated and growing debt burden. Located in St. Louis County, the district has seen its incomes and economic activity outpace those of the nation and county, and its tax base continues to grow with additional residential and commercial expansion underway. Management has been able to leverage growth with a history of stable operations, which are expected to continue over the next few years.

The district expects to post a surplus of approximately \$21 million (7% of revenue) in fiscal 2025 and is budgeting for a surplus of \$3 million (1% of revenue) in fiscal 2026, although management anticipates outperforming its budget, as it has consistently. The district has maintained strong

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financial performance over the last 10 years primarily due to its wealthy and stable tax base, which provides the district with predictable property tax revenue and alleviates some of the district's reliance on enrollment for state funding. Local revenue accounted for 89% of the district's general fund budget in fiscal 2024, while state funding represented only 5%. As a result, we do not expect enrollment fluctuations will significantly affect financial performance. Management indicated reserves could be pressured in future years due to increases to the district's self-insurance fund. However, we expect that any reserve spenddown would be a temporary measure to manage the budget and that reserves will remain within the district's formal policy. As the district is not currently levying at its ceiling, and we expect continued tax base growth, we believe the district will be able to maintain positive financial performance.

The rating further reflects our view of the following:

- The district's economy is stable, with gross county product per capita and local income levels higher than those of the nation and county.
- A history of strong financial performance has resulted in robust available reserves that remain above the formal reserve policy of 17.3% of prior-year expenditures.
- Management policies and practices surpass those of statewide peers and include comprehensive annual budgets that consider three years of financial projections. The financial forecasts enable the district to consider potential budgetary challenges and adjust for them in a timely fashion, contributing to the track record of operating surpluses. The district's budgeting process is detailed, with monthly performance updates provided to the school board, and is informed by a regularly updated long-term financial plan and a capital plan that we believe preserves capital affordability.
- The debt burden is elevated. The district has \$75 million remaining in its Prop S authorization, which it plans to issue within the next two to three years. However, we expect the district's healthy economy and history of positive financial performance will offset this weakness.
- Pension liabilities and other postemployment benefit liabilities are adequately funded and in our view do not pose medium-term credit risk.
- The institutional framework is more transparent than is typical for Missouri school districts because the district's audits are presented on an accrual basis of accounting in accordance with generally accepted accounting principles, whereas most school districts in the state use cash basis for accounting. The district is also able to voluntarily roll back its property taxes (and has a track record of doing so), thus not levying the full amount as authorized by voters and providing the district with greater operating flexibility than typical Missouri school districts. For more information on our institutional framework assessment for Missouri school districts, see "[Institutional Framework Assessment: Missouri Local Governments](#)," Sept. 10, 2024.

Environmental, social, and governance

Environmental, social, and governance factors are neutral within the credit analysis. The district's cybersecurity practices align with those of similarly rated peers.

Rating above the sovereign

We rate the district higher than the sovereign because we believe the district can maintain better credit characteristics than the nation in a stress scenario based on its predominantly locally

derived revenue base and our view that pledged revenue supporting debt service on the bonds is at limited risk of negative sovereign intervention.

Outlook

The stable outlook reflects our expectation that the district will maintain its very strong financial reserves while addressing its ongoing capital needs. Participation in the St. Louis County metropolitan area provides additional rating stability.

Downside scenario

We could lower the rating if the district's budgetary performance were to weaken substantially, leading to lower reserves, or its economy were to weaken substantially relative to peers.

St Louis County School District C-2 (Parkway), Missouri--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	1.56
Economy	1.0
Financial performance	1
Reserves and liquidity	1
Management	1.30
Debt and liabilities	3.50

St Louis County School District C-2 (Parkway), Missouri--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	139	--	139	137
County PCPI % of U.S.	145	--	145	143
Market value (\$000s)	29,256,364	29,026,009	25,601,969	24,918,880
Market value per capita (\$)	202,027	200,436	175,870	177,765
Top 10 taxpayers % of taxable value	4.8	4.8	5.1	5.2
County unemployment rate (%)	3.9	3.6	3.1	2.5
Local median household EBI % of U.S.	131	131	144	138
Local per capita EBI % of U.S.	143	143	154	153
Local population	144,814	144,814	145,573	140,179
Financial performance				
Operating fund revenues (\$000s)	--	288,060	275,516	265,653
Operating fund expenditures (\$000s)	--	253,267	244,565	244,482
Net transfers and other adjustments (\$000s)	--	(5,690)	(6,688)	(4,962)
Operating result (\$000s)	--	29,103	24,263	16,209
Operating result % of revenues	--	10.1	8.8	6.1
Operating result three-year average %	--	8.3	6.3	4.4
Enrollment	--	16,602	16,821	16,997
Reserves and liquidity				
Available reserves % of operating revenues	--	31.4	25.3	22.6

St Louis County School District C-2 (Parkway), Missouri--key credit metrics

	Most recent	2024	2023	2022
Available reserves (\$000s)	--	90,324	69,738	60,125
Debt and liabilities				
Debt service cost % of revenues	--	8.1	7.5	8.2
Net direct debt per capita (\$)	2,565	1,986	2,085	1,629
Net direct debt (\$000s)	371,395	287,585	303,484	228,361
Direct debt 10-year amortization (%)	45	48	45	50
Pension and OPEB cost % of revenues	--	7.0	7.0	8.0
NPLs per capita (\$)	--	1,268	1,518	1,525
Combined NPLs (\$000s)	--	183,609	220,999	213,708

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\$100.0 mil GO bnds ser 2025 due 03/01/2045

Long Term Rating AAA/Stable

Ratings Affirmed

Local Government

Parkway Sch Dist C-2, MO Unlimited Tax General Obligation AAA/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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