

Research Update:

Aplington-Parkersburg Community School District, IA Series 2026 School Infrastructure Bonds Rated 'A'; Outlook Stable

March 20, 2026

Overview

- S&P Global Ratings assigned its 'A' rating to [Aplington-Parkersburg Community School District](#) (CSD), Iowa's \$8.77 million series 2026 school infrastructure sales, services, and use tax revenue bonds.
- The outlook is stable.

Rationale

Security

A first-lien pledge of state-collected retail sales and service tax revenue for school infrastructure purposes secures the bonds. We rate the bonds under our "[Priority-Lien Tax Revenue Debt](#)," Oct. 22, 2018, which factors in the pledged revenue strength and stability and the general credit quality of the district where taxes are distributed and/or collected (the obligor's creditworthiness [OC]).

The district intends to use the bond proceeds to build, furnish, and equip secure entrances at the Aplington and Parkersburg school buildings and to finance heating, ventilation, and air conditioning, as well as electrical and mechanical improvements. The bond proceeds will also fund a debt service reserve fund (DSRF) to the lowest of maximum annual debt service (MADS), 10% of principal, or 125% of average annual debt service.

Credit highlights

The rating reflects a positive pledged revenue trend, supported by growth in state per-pupil revenue distributions. Limiting the rating are MADS coverage that will likely remain lower than the 1.35x additional bonds test (ABT) and an overall decline in certified enrollment over the past few years that we believe could continue given the district's rural location removed from major employment centers. The rating is constrained by our view of the OC, given the district is experiencing declining served enrollment and MADS coverage below its ABT, although we note it does not have plans to issue additional Secure an Advanced Vision for Education (SAVE) bonds

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going forward. We believe reserve levels could fluctuate, although we note they are currently well above the district's 7%-17% solvency ratio target.

Key credit considerations include our opinion of the district's:

- Very strong economic fundamentals, as reflected by a statewide revenue base and distributions to the district based on certified enrollment;
- Low revenue volatility for sales and use taxes;
- Coverage that we expect will be weak to adequate, with a 1.35x ABT but MADS coverage that does not improve to levels above 1.25x until fiscal 2029; and
- Close obligor relationship.

Environmental, social, and governance

We view the district's environmental, social, and governance factors as neutral within our credit analysis.

Outlook

The stable outlook reflects our view that per-pupil revenue growth will support sufficient debt service coverage (DSC).

Downside scenario

We could take a negative rating action if statewide sales tax collections decrease or enrollment falls to such a degree that DSC significantly deteriorates. We could also take a negative rating action if the OC weakens materially.

Upside scenario

We could take a positive rating action if enrollment trends improve, strengthening pledged revenue; if MADS coverage is sustained at higher-than-expected levels; and if our view of the OC improves.

Credit Opinion

The Iowa Secure an Advanced Vision for Education

The Iowa SAVE establishes a statewide one-cent sales tax for school infrastructure and is authorized through Jan. 1, 2051. The Iowa Department of Revenue transfers the amount of tax revenue attributable to each school district remitted in the preceding month on a per-pupil basis. The per-pupil calculation compares a district's actual, in-district certified enrollment with total statewide enrollment. All districts receive the same level of per-pupil revenue, which was \$1,323 in fiscal 2025.

Districts can use their individual share of SAVE revenue for school infrastructure purposes or property tax relief; they cannot use the funds for general operations. The district's electorate has adopted a broadly written revenue purpose statement that directs the school board to use sales tax revenue first for sales tax debt service, and then for purposes the Iowa Code permits, including property tax relief. Absent a voter-approved broad revenue purpose statement, state

statutes require districts to use SAVE funds for property tax relief first, essentially subordinating revenue bonds.

Economic fundamentals: Very strong

Pledged revenue is derived from a statewide revenue base with distributions to districts based on certified enrollment; therefore, we use the state as the economic foundation for our analysis. Iowa's population, currently 3.2 million, has increased at a slower rate than that of the nation. In addition, state employment growth has been slower than that of the U.S. Historically, the state unemployment rate is lower than the national rate. Per capita effective buying income is 93% of the national level. (For further information, see our [article on Iowa](#), Oct. 9, 2024.)

Volatility: Low

We assess revenue volatility to determine the likelihood of revenue availability during different economic cycles. We have two levels of volatility assessments: macro and micro.

Our macro volatility assessment begins with an assessment of the historical volatility of economic activity taxed, including an analysis of societal, demographic, political, and other factors that could significantly affect these activities.

On a micro volatility level, there is no external influence that we believe weakens the macro assessment of low volatility. Under the funding formula, even districts with decreasing enrollment, if it is not significant, have experienced flat-to-increasing annual year-over-year revenue; therefore, these districts report stable DSC.

Coverage and liquidity: Weak to adequate

The requirement that SAVE revenue cannot be used to support general operations typically results in weak-to-adequate DSC. Districts tend to structure bonds with weak ABTs, typically in the range of 1.2x-1.3x, providing greater ability to issue bonds and fund capital projects. In addition, most districts eventually issue additional debt to the ABT's fullest extent, and we factor this into our analysis and our expectation of future DSC.

Aplington-Parkersburg CSD's ABT is 1.35x. The series 2026 bonds are supported by a DSRF, providing additional liquidity.

MADS coverage based on fiscal 2025 revenue is 1.20x, rising to 1.50x, above the 1.35x ABT on the district's future sales tax debt. The state projects pledged revenue per student will be \$1,358 in fiscal 2026, up from \$1,323 in fiscal 2025. Preliminary data indicates certified enrollment dropped by 19 students in the October 2025 count. Assuming the state's projected fiscal 2026 growth rate (2.7%) in per-pupil revenue carries forward into fiscal 2027, MADS coverage would be 1.20x.

The district's certified enrollment has decreased by about 3% in the past 10 years, or 28 students, although the count has been stable overall in the past five years. While the local population has been roughly steady in the past 10 years (a 1.3% decline), given the district's rural location, limited residential development, and S&P Global Market Intelligence's projection of a 3% decline in the county's population in the next 10 years, we believe the long-term declining enrollment trend could continue.

Districts can sustain a modest degree of enrollment decreases and still generate revenue growth because of historically increasing per-pupil revenue. Fiscal 2025 actual statewide disbursements were \$640 million, or \$1,323 per pupil, up \$186 million, or 41%, compared with 10 years ago. Based on our stress scenarios, we determine the district would still have 1x MADS coverage with 663

students--a loss of 131 or 17% decrease. In addition, if certified student enrollment remains constant at 775, we calculate that per-pupil revenue could decrease to \$1,131 and that the district would still have 1x MADS coverage.

Obligor linkage: Close

Under our criteria, the priority-lien rating links with the OC because we view overall creditworthiness as a key determinant of an obligor's ability to pay all obligations. In our opinion, rated debt bond provisions are less restrictive with respect to revenue collection and distribution. The district directly receives SAVE revenue from the Iowa Department of Revenue and is responsible for paying debt service. In our opinion, pledged revenue flow is not substantially removed from the district's direct control.

Aplington-Parkersburg Community School District, Iowa--key credit metrics

Economic data	
Economy	Very strong
EBI level per capita % of U.S.	93
Statewide revenue base	Yes
Population (obligor)	3131
Population (statewide)	3216993
Financial data	
Revenue volatility	Low
Coverage and liquidity	Weak - adequate
Baseline coverage assessment	MADS
MADS coverage (x)	1.20
MADS year	2027
Annual debt service coverage (x)	2.38
2-year pledged revenue change (%)	7.36
Bond provisions	
ABT (x)	1.35
ABT type	MADS
ABT period	Historical
DSRF type	Lowest of 3-pronged test
Obligor relationship	
Obligor linkage	Close
PL rating limit (number of notches above OC)	1

Data points and ratios may reflect analytical adjustments. EBI--Effective buying income. MSA--Metropolitan statistical area. MADS--Maximum annual debt service. ABT--Additional bonds test. DSRF--Debt service reserve fund. PL--Priority lien. OC--Obligor creditworthiness. 3-pronged test--MADS, 10% of principal, or 125% of average annual debt service.

Ratings List

New Issue Ratings	
US\$8,770,000 Aplington - Parkersburg Community School District, Iowa, School Infrastructure Sales, Services, and Use Tax Revenue Bonds, Series 2026, dated: Date of Delivery, due: July 1, 2047	
Long Term Rating	A/Stable
New Rating	

Ratings List

Local Government

Aplington - Parkersburg Comnty Sch Dist, IA School Infrastructure Sales 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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