

Research Update:

# Pleasant Valley Community School District, IA Series 2026 School Revenue Bonds Rated 'A'; Outlook Stable

February 20, 2026

## Overview

- S&P Global Ratings assigned its 'A' rating to [Pleasant Valley Community School District](#), Iowa's anticipated \$10 million series 2026 school infrastructure sales, services and use tax revenue bonds.
- We also affirmed our 'A' underlying rating (SPUR) on the district's parity bonds outstanding.
- The outlook is stable.

## Rationale

### Security

The bonds are secured by a first lien on state-collected sales-and-services tax revenue for school infrastructure and benefit from a cash-funded debt service reserve meeting the standard three-prong test. We rate the bonds under our [Priority-Lien Tax Revenue Debt](#), criteria (Oct. 22, 2018), which considers pledged revenue strength and stability and the district's creditworthiness.

Iowa's Secure an Advanced Vision for Education legislation establishes a statewide one-cent sales tax for school infrastructure authorized through Jan. 1, 2051, which exceeds final bond maturity on July 1, 2044. 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 actual in-district certified enrollment with total statewide enrollment. All districts receive the same amount of per-pupil revenue, most recently \$1,323 in fiscal 2025. Projected per-pupil revenue for fiscal 2026 is \$1,358.

The district intends to use series 2026 bond proceeds to fund improvements and additions to the district's elementary and high school buildings.

### Credit highlights

### Primary Contact

**Jillian Morley**  
New York  
1-212-438-0290  
jillian.morley  
@spglobal.com

### Secondary Contact

**Blake E Yocom**  
Chicago  
+ 1 (312) 233 7056  
blake.yocom  
@spglobal.com

We view the district's sales tax credit profile as stable, reflecting the statewide collection base, expectations of a stable upward trend in statewide sales tax collections, and ability to withstand moderate revenue stress while maintaining sufficient bond coverage. Based on our stress scenarios, we determine the district would still have 1x maximum annual debt service (MADS) coverage with 4,273 students, or a loss of 1,265, or a 23% decrease. In addition, if certified student enrollment were to remain constant at 5,413, we calculate that per-pupil revenue could decrease to \$1,044 and that the district would still have 1x MADS coverage.

Factors incorporated into our analysis include:

- Very strong economic fundamentals. Because pledged revenue is derived from a statewide base and allocated by enrollment, we use the state as the economic foundation, which provides diversification and limits exposure to local economic volatility. Iowa's population (about 3.2 million) and employment growth have trailed those of the nation, although unemployment has historically remained below the U.S. rate. Per-capita effective buying income equals 93% of the national level.
- Low revenue volatility. Macroeconomic volatility reflects historical volatility of taxed activity and societal, demographic, political, and other structural factors. Sales tax collections have historically exhibited relatively stable performance across economic cycles at the state level. At the microeconomic level, we see no offsetting risks. Under the funding formula, districts with modest enrollment declines have generally reported flat-to-growing year-over-year revenue and stable debt service coverage (DSC), supporting revenue stability even in localized demographic softness.
- Weak-to-adequate coverage and liquidity. Based on a 1.3x ABT, fiscal 2025 collections provide 1.3x MADS coverage, which is structured to increase after fiscal 2029 to 2.18x and remain level through maturity in 2044 with no assumed growth; MADS occurs in fiscal 2028. The district has no near-term debt plans, and the bonds benefit from a cash-funded debt service reserve meeting the standard three-prong test.
- A close relationship between the priority-lien pledge and the obligor's pledge because the flow of funds leads to a one-notch upward limitation compared with the district's general creditworthiness. The close linkage with the district's general creditworthiness does not constrain the pledged revenue structure's credit factors.
- The obligor's creditworthiness reflects sound finances due to conservative budgeting and proactive management, resulting in robust available reserves of \$15.6 million for fiscal 2025. The district serves areas of Scott County with high local personal income metrics, which surpass national and county averages. The district currently has no GO debt outstanding, only sales tax revenue bonds. The overall debt profile is moderate on a per-capita and market value basis. For more information on the obligor's creditworthiness, see "[Pleasant Valley Community School District](#), Iowa," Feb. 19, 2025.

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

We view the district's environmental, social, and governance factors as neutral within our credit rating analysis. Cyber security practices align with those of peers.

## **Outlook**

## Pleasant Valley Community School District, IA Series 2026 School Revenue Bonds Rated 'A'; Outlook Stable

The stable outlook reflects S&P Global Ratings' opinion that pledged revenue will likely provide sufficient annual DSC due to the lack of debt plans, growing per-pupil allocations, and external liquidity provided by the district's debt service reserve fund.

### Downside scenario

Although unlikely, we could lower the rating if statewide sales tax collections were to decrease or if enrollment were to drop to such a degree that pledged revenue also significantly deteriorated, leading to lower-than-expected DSC.

### Upside scenario

In our opinion, a higher rating during the two-year outlook is unlikely due to a relatively low ABT. However, we could raise the rating if bond provisions were to strengthen, reinforcing our view of the obligor's commitment to maintain adequate coverage through additional debt issuance.

### Pleasant Valley Community School District, Iowa--key credit metrics

	Metric
<b>Economic data</b>	
Economy	Very Strong
EBI level per capita % of U.S.	93
Statewide revenue base	Yes
Population (obligor)	3,216,993
Population (MSA)	Not Applicable
<b>Financial data</b>	
Revenue volatility	Low
Coverage and liquidity	Adequate
Baseline coverage assessment	ABT
MADS coverage (x)	1.30
MADS year	2028
Annual debt service coverage (x)	1.30
2-year pledged revenue change (%)	2.46
<b>Bond provisions</b>	
ABT (x)	1.30
ABT type	MADS
ABT period	Projected
DSRF type	Lowest of 3-pronged test
<b>Obligor relationship</b>	
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. N/A--Not available. 3-pronged test--MADS, 10% of principal, or 125% of average annual debt service.

#### Ratings List

#### New Issue Ratings

**Pleasant Valley Community School District, IA Series 2026 School Revenue Bonds Rated 'A'; Outlook Stable**

**Ratings List**

---

US\$10.000 mil Sch infrastructure sales, svcrs and use tax rev bnds ser 2026 due 7/1/2044	
Long Term Rating	A/Stable

---

**Ratings Affirmed**

**Local Government**

---

Pleasant Vy Comnty Sch Dist, IA School Infrastructure Sales Tax	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.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.spglobal.com/usratingsfees](http://www.spglobal.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.