

Research Update:

Sumner-Fredericksburg Community School District, IA Series 2026 Tax Revenue Bonds Rated 'A'; Outlook Stable

March 13, 2026

Overview

- S&P Global Ratings assigned its 'A' long-term rating to [Sumner-Fredericksburg Community School District](#) (CSD), Iowa's anticipated \$10.765 million series 2026 school infrastructure sales, services, and use tax revenue bonds.
- 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 fund (DSRF) equal to the lowest of maximum annual debt service (MADS), 10% of principal, or 125% of average annual debt service (the standard three-pronged test). We rate the bonds under our criteria: "[Priority-Lien Tax Revenue Debt](#)," 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 June 1, 2050. 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.

Officials intend to use series 2026 bond proceeds to fund renovations and construction of additions to the district's high school and middle school buildings, and demolition of Durant Elementary. The bond proceeds will also fund a DSRF equal to the lowest of MADS, 10% of principal, or 125% of average annual debt service.

Credit highlights

Primary Contact

Tyler Livesey
Chicago
1-609-426-7533
tyler.livesey
@spglobal.com

Secondary Contact

Charlie G Salmans
Chicago
(1) 312-233-7039
charlie.salmans
@spglobal.com

The rating reflects a statewide revenue base that has supported rising per-pupil distributions and projected MADS coverage above the 1.30x additional bonds test (ABT), but tempered by its steadily declining enrollment trend. We expect stable-to-increasing per-pupil revenue will support consistent pledged revenue, and prevent coverage deterioration, despite the district's declining enrollment trend.

Based on our stress scenarios, we determine the district would have 1x MADS coverage with 611 students--a decrease of 148 or 20%. In addition, if certified student enrollment was constant at 739, we calculate that per-pupil revenue would need to decline to \$1,093 for the district to have 1x MADS coverage.

Factors incorporated into our analysis include the following credit factors:

- Economic fundamentals are very strong. 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.
- Revenue volatility is low. 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-increasing year-over-year revenue and stable debt service coverage (DSC), supporting revenue stability even in localized demographic softness.
- Coverage and liquidity is adequate. Fiscal 2025 collections provide 1.24x MADS coverage, which is projected to increase to 1.34x in fiscal 2029 (following maturity of privately placed SAVE bonds), and remain level through maturity in fiscal 2050 with no assumed growth; MADS occurs in fiscal 2027. The district currently does not plan to issue additional SAVE bonds, and the bonds benefit from a cash-funded debt service reserve meeting the standard three-pronged test.
- The flow of funds leads to a one-notch upward limitation compared with the district's general creditworthiness, the latter of which, in our view, constrains the rating.
- The district's reserves have fluctuated over time and due to mixed operating results and have generally been nominally low. The district posted a \$272,000 deficit in fiscal 2025 (2.4% of operating revenue) but has implemented \$835,000 in spending reductions on staffing that management believes will lead to a balanced result in fiscal 2026. However, we believe ongoing enrollment declines could weigh on finances. The district's economic base is rooted in manufacturing and agriculture, and we believe economic growth prospects are limited due to both population declines and Bremer County's below-average economic metrics. The district's debt profile is moderate on a per-capita basis and the district's estimated costs of debt and liabilities are affordable for its budget size, although these metrics would likely materially increase should \$16.5 million in general obligation debt be approved by voters in fall 2026. The district currently has two privately placed bonds outstanding that include no nonstandard events of default or acceleration provisions.

Environmental, social, and governance

Midwestern exposure to tornadoes and flooding presents episodic environmental risk that could affect district finances. Social risk is modestly negative due to sustained enrollment declines that could pressure pledged revenue over time, although rising per-pupil distributions typically offset modest losses. We view governance factors as neutral.

Outlook

The stable outlook reflects S&P Global Ratings' opinion that pledged revenue will likely provide sufficient annual DSC due to the lack of additional debt plans, increasing 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 decrease or if enrollment drops to such a degree that pledged revenue also significantly deteriorates, leading to lower-than-expected DSC, or our view of the district's general creditworthiness worsens.

Upside scenario

In our opinion, a higher rating during the two-year outlook is unlikely due to a steadily declining enrollment trend. However, we could raise the rating if the obligor maintains adequate coverage while sustaining an improved enrollment trend, coupled with an improvement in our view of the district's general creditworthiness.

Sumner-Fredericksburg 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)	3,216,993
Population (MSA)	Not Applicable

Financial data

Revenue volatility	Low
Coverage and liquidity	Adequate
Baseline coverage assessment	MADS
MADS coverage (x)	1.24
MADS year	2027
Annual debt service coverage (x)	N.M.
2-year pledged revenue change (%)	8.21

Bond provisions

ABT (x)	1.30
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

Sumner-Fredericksburg Community School District, Iowa--key credit metrics

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

US\$10,765,000 Sumner-Fredericksburg Community School District, Iowa, School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2026, dated: Date of Delivery, due: June 1, 2050

Long Term Rating	A/Stable
------------------	----------

New Rating

Local Government

Sumner-Fredericksburg 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. All ratings referenced herein can be found on S&P Global Ratings' public website at 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 acknowledgement 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 nonpublic 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 (free of charge) and 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.