

Research Update:

Hudson Community School District, IA Series 2026 GO Bonds Rated 'A+'; Outlook Stable

April 6, 2026

Overview

- S&P Global Ratings assigned its 'A+' long-term rating to [Hudson Community School District](#) (CSD), Iowa's anticipated \$1.5 million series 2026 general obligation (GO) school bonds.
- At the same time, S&P Global Ratings affirmed its 'A+' long-term rating on the district's unlimited tax GO bonds outstanding.
- The outlook is stable.

Rationale

Security

The bonds are secured by the district's unlimited ad valorem property tax pledge. Bond proceeds will be used to take out the district's series 2024 bond anticipation notes, which were issued to fund school facility renovations.

Credit highlights

The rating reflects our view of Hudson CSD's stable local economy as a bedroom community near Cedar Falls, coupled with consistently increasing enrollment and fluctuating financial performance, which we expect will stabilize in the near term. Recent deficit operations have been largely due to a temporary limitation on the district's ability to levy for cash reserves. However, projections for fiscal years 2026 and 2027 indicate a reversal of this trend as management has begun utilizing the cash reserve levy and has also increased the operating levy. With the cash reserve levy cycle, fluctuations in both performance and reserve levels are typical. While we expect reserves to stabilize and likely increase in the next couple of years, we still view fund balance as limited given it was below \$2 million as of fiscal 2025 (year-end June 30).

Recent fluctuating financials are offset by Hudson CSD's positive enrollment trend, as open enrollment remains high, which helps to increase the district's state aid revenue. Management conservatively budgets for expenditure increases and anticipates that expected increases in revenues will allow it to maintain compliance with the 10%-15% solvency ratio target. Although the debt burden remains elevated, the district does not plan to issue additional bonds at this time, and we expect the debt burden will moderate as repayment on existing debt continues.

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The rating further reflects the following factors:

- The district has a stable and primarily residential economic base with local incomes that are well above those of the county and the nation, and a rising population and enrollment.
- We expect stabilization in financial performance as the district is now able to levy for cash reserves, and has planned for surpluses in fiscal 2026 and fiscal 2027.
- Financial management practices compare with those of peers at the rating level, with regular reporting of budget performance to the school board, basic policies, and long-term capital and financial planning. The district is also taking steps to mitigate cyber risks.
- The debt burden is moderate with slightly elevated costs, but with no additional debt plans. The state pension system is well funded, which mitigates long-term, fixed-cost pressures.
- For more information on our institutional framework assessment for Iowa school districts, see "[Institutional Framework Assessment: Iowa Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

We consider environmental, social, and governance (ESG) factors as neutral within the credit analysis.

Outlook

The stable outlook reflects our expectation that the district will return to positive operations in at least the next two fiscal years, showing a slight increase in fund balance, and that its enrollment and economic growth will continue.

Downside scenario

We could lower the rating if Hudson CSD experiences a sustained deterioration of budgetary performance with no plan for correction, leading to consistently falling reserves.

Upside scenario

We could raise the rating if the district were to substantially improve and sustain solid operating performance and increased reserve levels that are more comparable with those of higher-rated peers, and if local growth and expansion lead to an improvement in economic metrics.

Hudson Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.56
Economy	2
Financial performance	3
Reserves and liquidity	2
Management	2.3
Debt and liabilities	3.5

Hudson Community School District, Iowa--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	84	84	89	93
County PCPI % of U.S.	78	78	79	80
Market value (\$000s)	525,771	411,206	400,241	381,485
Market value per capita (\$)	123,420	96,527	95,432	94,661
Top 10 taxpayers % of taxable value	21.8	19.2	18.6	--
County unemployment rate (%)	3.9	3.6	3.1	2.9
Local median household EBI % of U.S.	122	122	132	125
Local per capita EBI % of U.S.	106	106	116	114
Local population	4,260	4,260	4,194	4,030
Financial performance				
Operating fund revenues (\$000s)	--	10,480	9,881	9,388
Operating fund expenditures (\$000s)	--	10,638	9,902	9,261
Net transfers and other adjustments (\$000s)	--	14	-273	-3
Operating result (\$000s)	--	-144	-294	124
Operating result % of revenues	--	-1.4	-3	1.3
Operating result three-year average %	--	-1	0.1	0.7
Enrollment	--	823	767	736
Reserves and liquidity				
Available reserves % of operating revenues	--	16.8	19.3	23.7
Available reserves (\$000s)	--	1,765	1,905	2,229
Debt and liabilities				
Debt service cost % of revenues	--	10.7	5.8	5.8
Net direct debt per capita (\$)	4,967	4,491	3,040	1,012
Net direct debt (\$000s)	21,161	19,133	12,750	4,080
Direct debt 10-year amortization (%)	41	70	--	--
Pension and OPEB cost % of revenues	--	4	5	4
NPLs per capita (\$)	--	578	728	640
Combined NPLs (\$000s)	--	2,463	3,052	2,580

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\$1.470 mil GO sch bnds ser 2026 due 5/1/2045

Long Term Rating A+/Stable

Ratings Affirmed

Local Government

Hudson Comnty Sch Dist, IA General Obligation Unlimited 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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