

Research Update:

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

June 10, 2026

## Overview

- S&P Global Ratings assigned its 'A' long-term rating to [Missouri Valley Community School District](#) (CSD), Iowa's anticipated \$9.445 million series 2026 school infrastructure sales, services, and use tax revenue bonds
- The outlook is stable.

## Rationale

### Security

A first lien on state-collected sales and services tax revenue for school infrastructure secures the bonds. 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.

The district intends to use the bond proceeds refund the privately placed series 2020 SAVE (Secure an Advanced Vision for Education) bonds and to renovate and improve existing district facilities. The bond proceeds will also fund a debt service reserve fund to the lowest of maximum annual debt service (MADS), 10% of principal, or 125% of average annual debt service.

Iowa Senate File (SF) 2472, signed by the governor on May 18, 2026, incrementally increases the share of the sales tax that is diverted for property tax relief to 25.0% in fiscal 2031 from the current 7.1%. We expect this legislation might reduce debt service coverage (DSC) through 2031 for when the full diversion rate is realized.

### Credit highlights

We anticipate SF 2472 will likely lead to a notable drop in pledged revenue. We project that MADS coverage will likely remain lower than the 1.3x additional bonds test (ABT). Furthermore, the district's certified enrollment has continuously dropped over the past decade and we believe this decline could continue, although proximity to the Omaha metropolitan statistical area and the expectation of smaller graduating classes in the future may provide some stability to enrollment, as well as a growing population.

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Accounting for SF 2472, we have applied stress tests assuming different variations of flat enrollment, flat gross sales tax revenue, enrollment declines in line with state projections, and 2.44% gross sales tax revenue growth (which is the 25-year average retail sales growth in Iowa). In most scenarios, MADS coverage drops to within a 1.25x-1.31x range by fiscal 2031, below the ABT, and remains level due to concurrent declines in MADS from fiscal years 2027 to 2031. Missouri Valley CSD's certified enrollment has dropped by 15% in the past 10 years, a trend we expect might stabilize following large graduating classes and may affect future coverage. However, we expect MADS coverage will remain consistent with the rating due to expectations that enrollment may stabilize.

We have incorporated the following credit factors into our analysis:

- Economic fundamentals are very strong. Because pledged revenue is derived from a statewide base and allocated according to 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 been 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 risks warranting a lower score. Under the funding formula, districts with modest enrollment declines have generally reported flat-to-increasing year-over-year revenue and stable DSC, though SF 2472 will likely interrupt this trend during its five-year phase-in. Limiting the rating is MADS coverage that will likely remain lower than the 1.3x ABT in the near term, primarily due to a high MADS in 2027 that steps down in concurrent fiscal years until 2031 (when MADS will occur in fiscal 2049), and potentially due to declining enrollment in tandem with the effects of SF 2472.
- Coverage and liquidity are weak-to-adequate considering the impact of SF 2472. Fiscal 2025 collections provide 1.3x MADS coverage, though, as noted, coverage is projected to remain below the 1.3x ABT due to SF 2472; MADS declines to \$636,000 by fiscal 2031 from \$741,000 in 2027--leading to stability of MADS coverage in our scenarios. The district has no near-term debt plans.
- The flow of funds leads to a one-notch upward limitation compared with the district's general creditworthiness, the latter of which we believe constrains the rating.
- The district's sustained deficit spending has decreased the fund balance to \$1.5 million in fiscal 2023 from \$2.49 million in fiscal 2019, or a 37% decrease, primarily due to intentional spenddowns to its 15% fund balance target. However, the district posted surpluses in fiscal years 2024 and 2025 and appreciated unassigned reserves to \$1.7 million. We no longer expect Missouri Valley CSD's fiscal years 2026 and 2027 budgeted deficits due to capital needs that will now be covered with bond proceeds, and that support expectations of continued surpluses that will appreciate reserves. We believe the district's enrollment will stabilize after the exit of large graduating classes, to about 700 students in 2027, allowing for a steady, albeit constrained, revenue environment following a overall 15.3% decrease in enrollment over the past decade. Further supporting our view of Missouri Valley CSD's overall creditworthiness is a stable, but limited, overall economy that shows income levels on par with county and national averages due to the district's proximity to Omaha, Nebraska, but is constrained by a small population and moderate tax base growth. The district's debt profile is elevated at \$2,400 on a

net direct debt per-capita basis, but we consider an estimated increased cost of debt and liabilities to 13%-15% of total governmental fund revenues is more manageable.

## Environmental, social, and governance

Midwestern exposure to tornadoes and flooding presents episodic environmental risk that could affect school 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' expectation that despite the change brought about by SF 2472, Missouri Valley CSD's MADS coverage will remain supportive of the rating as revenue is diverted.

### Downside scenario

We could lower the rating if pledged revenue significantly deteriorated due to decreases in statewide sales tax collections, future legislative changes reduced net distributions, or certified enrollment declined, leading to lower-than-expected DSC, or if the obligor's creditworthiness were to materially weaken.

### Upside scenario

In our opinion, a higher rating during the two-year outlook is unlikely due to a continued trend of declining enrollment. However, we could raise the rating if Missouri Valley CSD increases coverage while sustaining an improved enrollment trend.

## Missouri 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	Weak - Adequate
Baseline coverage assessment	MADS
MADS coverage (x)	1.30
MADS year	2027
Annual debt service coverage (x)	1.84
2-year pledged revenue change (%)	3.56
<b>Bond provisions</b>	
ABT (x)	1.30
ABT type	MADS

**Missouri Valley Community School District, Iowa--key credit metrics**

	<b>Metric</b>
ABT period	Historical
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. 3-pronged test--MADS, 10% of principal, or 125% of average annual debt service.

**Ratings List**

**New Issue Ratings**

US\$9,445,000 Missouri Valley Community School District, Iowa, School Infrastructure Sales Services & Use Tax Revenue Bonds, Series 2026, dated: Date of delivery, due: July 01, 2050

Long Term Rating A/Stable

**New Rating**

**Local Government**

Missouri 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.

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