Research Update:

Bayless Consolidated School District, MO Series 2026 GO Bonds Assigned 'AA-' Rating; Outlook Is Stable

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Overview

- S&P Global Ratings assigned its 'AA+' long-term rating (based on credit enhancement) and 'AA-' underlying rating to Bayless Consolidated School District, Missouri's anticipated $7 million series 2026 general obligation (GO) bonds.
- At the same time, S&P Global Ratings affirmed its 'AA+' long-term rating (based on credit enhancement) and 'AA-' underlying rating on the district's outstanding GO bonds.
- The outlook is stable.

Rationale

Security

The district's full faith and credit and revenue from an unlimited ad valorem property tax secure the bonds. Voters approved a $23 million GO authorization in April 2026. The series 2026 bonds are the first issuance from this authorization and will be used to improve the district's HVAC system.

The 'AA+' long-term rating reflects our assessment of the district's eligibility for, and participation in, the Missouri Direct Deposit of State Aid program. The state credit-enhancement rating is one notch below the Missouri issuer credit rating (ICR), reflecting:

- Our view of state aid appropriation risk, which is partially mitigated by strong state support for the program and consistent, well-established state aid funding;
- Our expectation that maximum annual debt service (MADS) coverage on all parity debt by state aid payments, currently 8.1x, will likely remain strong; and
- Our view that the flow of state-aid distributions and debt service payment dates result in a strong assessment of timing and administrative risk.

Credit highlights

The rating reflects the district's consistently positive financial performance and robust reserve levels, which offset vulnerabilities tied to an uncertain state-aid environment and somewhat lower local incomes compared with the county average. We anticipate the district will maintain sound reserves despite potential pressures related to the state-aid environment for Missouri school districts.

We note the district's strong financial trend of positive performance relative to the budget and steadily growing fund balances as positive credit factors. Fiscal 2026 unaudited actuals show a surplus of $959,000 (3.8% of revenue), with its unrestricted fund balance increasing to more than $9.6 million (37.7% of general fund revenue). Although the district is currently projecting a $582,000 deficit in the general fund, we believe that management's conservative revenue estimates suggest the district will outperform these projections and expect the district to maintain balanced-to-positive performance during the outlook horizon.

The rating further reflects our view of the following credit factors:

- Economic growth prospects are supported by strong residential market demand, which has contributed to positive population and enrollment trends. Our assessment of the district's growth profile is somewhat tempered by its landlocked location and limited availability of additional developable land. We consider the low incomes compared with the county average a negative factor in our assessment of the local economy.
- The district demonstrates consistent positive performance, including its ability to outperform its projections through conservative revenue estimates and effective cost controls on operational costs and staffing. We expect the district to maintain balanced-to-positive performance during the next two years.
- Available reserves are sound and in line with those of its peers as a percentage of revenue, albeit slightly lower nominally owing to the district's nominally smaller budget. We believe available fund balances provide sufficient buffer for the district to weather potential pressures associated with state aid funding.
- The district's sound financial management policies and practices, which include conservative revenue projections; monthly reporting of budget-to-actual performance to the board; limited financial and capital planning; a formal investment management policy, with holdings and earnings reported annually; and a formal fund balance policy to maintain a minimum of 15% of expenditures in the combined general and special revenue funds. The district lacks a formalized debt management policy. We view cyber risk mitigation measures as consistent with the district's credit fundamentals.
- A manageable debt and liabilities profile. Following this issuance, the district will have $16 million of authorized but unissued debt remaining from its April of 2026 election; management expects to issue $14 million across two tranches through fall of 2028. We expect net direct debt per capita and carrying charges to increase given the district's additional near-term debt plans and have incorporated the district's additional debt plans into our analysis. We do not view pensions as a source of credit pressure for the district as both plans are well-funded and net pension liabilities per capita are modest.
- For more information on our institutional framework assessment for Missouri, see "Institutional Framework Assessment: Missouri Local Governments," Sept. 10, 2024

Outlook

The stable outlook reflects our expectation that the district will maintain positive performance and fund balances in line with those of its peers.

Downside scenario

We could lower the rating if financial performance were to deteriorate, causing available reserves to decline to levels below what we consider comparable to similarly rated peers.

Upside scenario

While unlikely given the district's near-term debt plans, we could raise the rating if the district's local economy, particularly as reflected in incomes, improved and management adopted more robust financial management policies and practices.

Bayless Consolidated School District, Missouri--credit summary

Institutional framework (IF)	3
Individual credit profile (ICP)	2.08
Economy	2.0
Financial performance	2
Reserves and liquidity	1
Management	2.65
Debt and liabilities	2.75

Bayless Consolidated School District, Missouri--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita as % of U.S.	--	--	136	138
County PCPI as % of U.S.	--	--	143	144
Market value ($000s)	1,318,347	1,163,423	1,156,816	982,209
Market value per capita ($)	--	90,489	89,745	75,444
Top 10 taxpayers as % of taxable value	--	5.7	4.8	5.2
County unemployment rate (%)	--	4.1	3.7	3.1
Local median household EBI as % of U.S.	--	92	85	88
Local per capita EBI as % of U.S.	--	89	77	80
Local population	--	12,857	12,890	13,019
Financial performance				
Operating fund revenue ($000s)	--	24,464	23,360	22,469
Operating fund expenditures ($000s)	--	23,502	22,253	20,516
Net transfers and other adjustments ($000s)	--	(728)	(935)	(1,273)
Operating result ($000s)	--	234	172	680
Operating result as % of revenue	--	1.0	0.7	3.0
Operating result three-year average %	--	1.6	2.9	5.1
Enrollment	--	1,805	1,838	1,798
Reserves and liquidity				
Available reserves as % of operating revenue	--	35.6	36.2	36.9
Available reserves ($000s)	--	8,699	8,465	8,293

Bayless Consolidated School District, Missouri--key credit metrics				
Debt and liabilities				
Debt service cost as % of revenue	--	6.7	7.1	5.4
Net direct debt per capita ($)	1,555	1,069	1,178	1,278
Net direct debt ($000s)	19,995	13,744	15,184	16,643
Direct debt 10-year amortization (%)	50	70	66	--
Pension and OPEB cost as % of revenue	--	6.7	6.6	6.4
NPLs per capita ($)	--	1,102	1,099	1,303
Combined NPLs ($000s)	--	14,169	14,169	16,963

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$7.000 mil GO bnds ser 2026 due 3/1/2046	
Long Term Rating	AA+/Stable
Underlying Rating for Credit Program	AA-/Stable
Ratings Affirmed	
Local Government	
Bayless Cons Sch Dist, MO Direct Deposit State Aid Program	AA+/Stable
Bayless Cons Sch Dist, MO Unlimited Tax General Obligation	AA-/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.