

# RatingsDirect®

---

## Summary:

# Jefferson County School District R-V (Dunklin), Missouri; Appropriations; School State Program

### Primary Credit Analyst:

Virginia A Murillo, San Francisco 1-415-371-5098; virginia.murillo@spglobal.com

### Secondary Contact:

Charlotte Perry, St. Louis + 1 (212) 438 0111; charlotte.perry@spglobal.com

## Table Of Contents

---

Credit Highlights

Outlook

Related Research

## Summary:

# Jefferson County School District R-V (Dunklin), Missouri; Appropriations; School State Program

### Credit Profile

US\$13.5 mil GO bnds (Missouri Direct Deposit Program) ser 2023A due 03/01/2043

*Long Term Rating* AA+/Stable New

*Underlying Rating for Credit Program* A+/Stable New

US\$7.695 mil GO rfdg bnds (Missouri Direct Deposit Program) ser 2023B due 03/01/2035

*Long Term Rating* AA+/Stable New

*Underlying Rating for Credit Program* A+/Stable New

Jefferson Cnty Sch Dist R-V (Dunklin) GO qual sch const bnds (tax credit bnds) (Missouri Direct Deposit Program) ser 2009C dtd 10/08/2009 due 03/01/20

*Long Term Rating* AA+/Stable Affirmed

*Underlying Rating for Credit Program* A+/Stable Affirmed

### Credit Highlights

- S&P Global Ratings assigned its 'AA+' long-term program-enhanced rating and 'A+' underlying rating for credit program to Jefferson County School District R-V (Dunklin), Mo.'s roughly \$13.5 million series 2023A general obligation (GO) school bonds and roughly \$7.695 million series 2023B GO refunding bonds.
- At the same time, S&P Global Ratings affirmed its 'AA+' long-term program-enhanced rating and 'A+' underlying rating on the district's existing GO debt.
- S&P Global Ratings also affirmed its 'A' long-term rating on the district's certificates of participation (COPs).
- The outlook is stable.

### Security

The long-term program-enhanced rating reflects our view of the district's eligibility for, and participation in, the Missouri Direct Deposit of State Aid program. Revenue from an unlimited ad valorem tax on all taxable property in the district also secures the GO bonds.

Officials intend to use series 2023A bond proceeds to finance improvements to Taylor Early Childhood Center, Pevely Elementary School, Senn-Thomas Middle School, and Herculaneum High School and series 2023B bond proceeds to refund series 2015 bonds outstanding for cost savings.

Lease-rental payments by the district, as lessee, to UMB Bank N.A., as lessor, secure the COPs. We rate the COPs one notch lower than the district's general creditworthiness to account for appropriation risk associated with lease payments.

## **Credit overview**

Located just south of St. Louis, the district's local economy ties into the larger metropolitan area and continues to experience population and valuation growth, as well as ongoing development. Within the district, continued housing development has supported positive property value growth; this positions the district to support expected population growth area-wide. Enrollment has grown during the past five years due partially to recent residential development. The district is optimistic positive trends will likely continue, for which it has begun to prepare by enhancing programs and adding new facilities.

The district has posted positive operating results during the past three fiscal years, reflecting conservative spending and the receipt of \$2.65 million of onetime federal Elementary & Secondary School Emergency Relief (ESSER) II and III funds, primarily spent on learning-loss and onetime costs. Officials balanced the fiscal 2023 budget; management forecasts a fiscal year-end surplus to contribute to reserves, which it expects to maintain at levels that comply with a reserve policy of, at least, 20% of expenditures, supporting our view of credit quality.

The rating reflects our view of the district's:

- Growing local economy that has experienced steady assessed value (AV) growth due to new residential construction and appreciating home values, with management expecting 8.5% AV growth in fiscal 2023;
- Maintenance of strong reserves historically, other than plans to spend down remaining ESSER funds--We expect reserves will likely remain strong because there are no plans to draw down reserves;
- Standard financial-management policies, practices under our Financial Management Assessment (FMA) methodology, reflecting its frequent budgetary-performance and investment-management-holdings reports to the governing board, albeit with only informal multiyear forecasting; and
- Moderate debt with no additional debt plans, albeit with slow principal amortization, and manageable pension and other postemployment benefit liabilities due to adequately funded pension liabilities that do not pose medium-term credit risk, in our view--However, we note the district's proportionate net pension liability is not clearly defined in financial statements due to modified-cash reporting.

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

Due to its location near the Mississippi River, the area has flooding-risk exposure that could pose economic and financial risk; however, management maintains processes to minimize this risk. We view social and governance factors as neutral within our credit analysis.

## **Outlook**

The stable outlook reflects S&P Global Ratings' expectation the district will likely maintain strong reserves. While the district has experienced significant economic development recently, we think rising interest rates and an expected shallow recession could lead to a moderation in new development. (For the second-quarter 2023 economic outlook, see "Still Resilient, Downside Risks Rise," published March 27, 2023, on RatingsDirect.)

### Downside scenario

We could lower the rating if financial performance were to deteriorate due to budgetary imbalance or recessionary pressure, resulting in reserves no longer comparable with similar-rated peers.

### Upside scenario

We could raise the rating if the local economy were to continue to grow, demonstrated by increasing income and valuation.

### Missouri Direct Deposit of State Aid program

The state credit-enhancement rating is one notch below the Missouri GO rating, reflecting our view of:

- State-aid-appropriation risk, which strong state support for the program and consistent, well-established state aid funding partially mitigate;
- Maximum annual debt service coverage on all parity debt by state aid payments we expect will likely remain strong at 4.1x; and
- State-aid-distribution flow and dates for debt-service payments we think result in a strong assessment for timing-and-administrative risk.

### Jefferson County School District R-V (Dunklin), Missouri key credit metrics

	Characterization	Most recent	--Historical information--		
			2022	2021	2020
<b>Economic indicators</b>					
Population				10,401	10,376
Median household effective buying income (EBI) as a % of U.S.	Good			99.0	95.0
Per capita EBI as a % of U.S.	Good			94.0	87.0
Market value (\$000)		826,125	807,725	707,100	689,972
Market value per capita (\$)	Strong	79,427	77,658	67,984	66,497
Top 10 taxpayers as a % of taxable value	Very diverse	11.2	16.8	16.9	15.2
<b>Financial indicators</b>					
Total available reserves (\$000)			6,192	4,950	4,579
Available reserves as a % of operating expenditures	Strong		30.7	26.9	25.6
Total government cash as a % of governmental fund expenditures			33.7	25.8	33.2
Operating fund result as a % of expenditures			5.9	2.3	3.7
Financial Management Assessment	Standard				
Enrollment			1,757	1,678	1,659
<b>Debt and long-term liabilities</b>					
Overall net debt as a % of market value	Moderate	4.3	3.0	3.4	5.6
Overall net debt per capita (\$)	Moderate	3,454	2,297	2,321	3,754
Debt service as a % of governmental fund noncapital expenditures	Low		6.8	4.9	4.9
Direct debt 10-year amortization (%)	Slower than average	44.0	68.0	63.0	59.0

**Jefferson County School District R-V (Dunklin), Missouri key credit metrics (cont.)**

	Characterization	Most recent	--Historical information--		
			2022	2021	2020
Required pension contribution as a % of governmental fund expenditures			7.1	5.4	5.9
Other postemployment benefits actual contribution as a % of governmental fund expenditures			0	0	0
Minimum funding progress, largest pension plan (%)			107.3	116.3	85.6

**Related Research**

- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

**Ratings Detail (As Of May 23, 2023)**

Jefferson Cnty Sch Dist R-V (Dunklin) rfdg certs of part ser 2021 due 03/01/2032		
<i>Long Term Rating</i>	A/Stable	Affirmed
Jefferson Cnty Sch Dist R-V (Dunklin) GO rfdg and imp bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Jefferson Cnty Sch Dist R-V (Dunklin) GO St Credit Enhancement		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed

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 [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

Copyright © 2023 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.

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.standardandpoors.com](http://www.standardandpoors.com) (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.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

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