

## Research Update:

# Polk County, IA Series 2025 C And D GO Bonds Assigned 'AAA' Rating; Outlook Stable

October 1, 2025

## Overview

- S&P Global Ratings assigned its 'AAA' long-term rating to [Polk County](#), Iowa's anticipated \$6.9 million series 2025C general obligation (GO) bonds, and \$14.3 million series 2025D GO bonds.
- The outlook is stable.

## Rationale

### Security

The county's unlimited ad valorem property tax pledge secures its GO debt. The county will use the series 2025C and 2025D bond proceeds to fund various capital projects.

### Credit highlights

The 'AAA' rating reflects our view of the county's broad and diverse economic base anchored by the state capital (Des Moines), a long history of budgetary outperformance, and strong financial management. We believe these factors mitigate the risk of material financial deterioration, despite potential macroeconomic headwinds and a rising debt burden.

Rising property values powered by strong and continued economic growth in the county have, along with significant federal pandemic aid, supported the county's very strong surpluses in recent years. Large annual operating surpluses have also brought available reserves well above targets. This growth in reserves, combined with a change in state law that effectively limits the extent to which municipalities can tap into annual property value increases by limiting tax levy rate growth year to year, have contributed to county plans to draw down the general fund balance by about \$37 million in fiscal 2025. According to management, this is a smaller drawdown than the \$77 million indicated by the revised budget, with the improvement primarily driven by the shifting of some expenditure to fiscal 2026. The drawdown includes the spending of previously received American Rescue Plan Act funds as well as bond proceeds and other carryovers from prior-year reported surpluses for capital projects. While previous forecasts

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indicated a multiyear spend down, the current long-term forecast shows structural balance, with annual surpluses in fiscal years 2026 through 2030.

For additional information on our analysis of the county, please see [our report](#), published May 7, 2025.

The rating further reflects our view of the county's:

- Broad and deep economic base anchored by the state capital, with consistent and recently very strong annual property value growth as the Des Moines metropolitan area continues to add population and jobs.
- Generally positive financial performance, with the county posting 12 consecutive operating surpluses through fiscal 2024, and a forecast showing annual surpluses in fiscal years 2026 through 2030 after a modest planned drawdown spanning fiscal 2025 and fiscal 2026. We expect the county's available reserves to remain very strong both nominally and as a percentage of revenue.
- Very strong financial management with a prudent and sophisticated approach to budgeting and financial and capital planning, along with formal debt, investment, and reserve policies that help limit risk of unexpected credit pressure.
- Rising debt burden given recent issuances, although airport net revenue is set to pay all GO bond debt service for the \$350 million in GO bonds recently issued for the airport project. Fixed-cost pressure from pensions and other postemployment benefits (OPEBs) is low.
- For more information on our institutional framework assessment for Iowa counties, see: ["Institutional Framework Assessment: Iowa Local Governments,"](#) Sept. 9, 2024.

## Environmental, social, and governance

We consider environmental risk elevated compared with that of Polk County's peers given the Des Moines River and other watersheds that render portions of the county susceptible to flooding. The county continues to make investments to improve resiliency to flooding through various conservation and watershed management programs and projects. In addition, Des Moines has heightened its focus on river-levee maintenance and streambed restoration in recent years. We consider social and governmental risks credit neutral.

## Rating above the sovereign

The county's debt is eligible to be rated above the sovereign because we believe the county can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria ["Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions,"](#) Nov. 19, 2013, U.S. local governments are considered moderately sensitive to country risk. Locally derived revenue secures the county's GO bonds. This limits the possibility of negative sovereign intervention. The institutional framework in the U.S. is predictable for local governments, allowing them significant autonomy and independent treasury management, and there is no history of negative government intervention.

## Outlook

The stable outlook reflects our expectation that the county's long-term forecast will continue to demonstrate a return to balanced operations that we view as credible, following the near-term planned drawdown. The outlook further reflects our expectation that the county's debt burden

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will not materially increase given that amortization of existing debt, including the series 2025 issuances, will more than offset additional borrowing plans through the current forecast period (fiscal 2030).

### Downside scenario

If the county unexpectedly issues a large amount of additional debt, leading to higher carrying charges, weaker debt metrics, and a materially weaker overall credit profile, we could lower the rating. In addition, if the county fails to maintain balanced operations, leading to deficits and declining reserves, we could lower the rating.

### Polk County, Iowa--credit summary

<b>Institutional framework (IF)</b>	<b>2</b>
Individual credit profile (ICP)	1.45
Economy	1.5
Financial performance	2
Reserves and liquidity	1
Management	1.00
Debt and liabilities	1.75

### Polk County, Iowa--key credit metrics

	Most recent	2024	2023	2022
<b>Economy</b>				
Real GCP per capita % of U.S.	143	--	143	148
County PCPI % of U.S.	96	--	96	97
Market value (\$000s)	65,447,418	53,438,008	51,472,259	46,905,841
Market value per capita (\$)	129,131	105,436	101,176	92,547
Top 10 taxpayers % of taxable value	5.6	6.4	6.6	6.9
County unemployment rate (%)	3.6	3.1	2.9	2.7
Local median household EBI % of U.S.	101	101	100	98
Local per capita EBI % of U.S.	100	100	98	94
Local population	506,830	--	--	506,830
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	301,087	250,546	325,947
Operating fund expenditures (\$000s)	--	298,514	208,713	277,916
Net transfers and other adjustments (\$000s)	--	28,526	(8,800)	(8,062)
Operating result (\$000s)	--	31,099	33,033	39,969
Operating result % of revenues	--	10.3	13.2	12.3
Operating result three-year average %	--	11.9	10.1	7.5
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	56.7	60.5	38.8
Available reserves (\$000s)	--	170,668	151,537	126,388
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	9.8	7.6	5.4
Net direct debt per capita (\$)	1,000	622	358	438

Polk County, Iowa--key credit metrics

	Most recent	2024	2023	2022
Net direct debt (\$000s)	517,281	315,022	181,879	221,787
Direct debt 10-year amortization (%)	41	67	--	--
Pension and OPEB cost % of revenues	--	3.0	3.0	2.0
NPLs per capita (\$)	--	55	70	46
Combined NPLs (\$000s)	--	28,695	35,568	23,198

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\$14.31 mil taxable GO bnds ser 2025D due 06/01/2031	
Long Term Rating	AAA/Stable
US\$6.89 mil GO bnds ser 2025C due 06/01/2026	
Long Term Rating	AAA/Stable

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](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

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