

Research Update:

Rock Valley Community School District, IA's Series 2026-A GO School Bonds Assigned 'A+' Rating; Outlook Stable

October 2, 2025

Overview

- S&P Global Ratings assigned its 'A+' long-term rating to [Rock Valley Community School District](#), Iowa's anticipated \$10 million series 2026-A general obligation (GO) school bonds.
- At the same time, we affirmed our 'A+' rating on the district's existing GO bonds.
- The outlook is stable.

Rationale

Security

The district's unlimited ad valorem tax GO pledge secures the series 2026-A bonds. Voters approved the bonds for a high school addition and various other capital projects. Officials plan to issue the remaining \$250,000 balance of voter-authorized GO bonds in 2026 to fund the \$35 million project.

Credit highlights

The rating reflects the district's well-managed finances and stable economy in northwest Iowa, serving the city of Rock Valley and surrounding agricultural area. The district experienced extensive flood damage in June 2024 but is maintaining its healthy financial position amid clean up and rebuild. The district's 2025 sales tax bond provided interim financing for flood costs (for more information see our [report](#) published March 10, 2025).

The fiscal 2025 estimated result reflects a surplus of \$570,000 in the general fund even with some costs going toward flood cleanup. A portion of the 2025 sales tax bond proceeds funded upfront costs of repair, of which 85% will be reimbursed through Federal Emergency Management Agency (FEMA) and the state using federal education funds directed to Iowa public schools. Given the trend of financial stability and the district's high level of reserves, we believe that it will continue to be operationally balanced during its rebuilding period. Because of the

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district's high reserves, it has not been able to use the cash reserve levy in recent years. The fiscal year 2026 budget calls for a \$223,000 deficit (less than 3% of revenue), which assumes lower enrollment levels and salary increases. Management indicates it may use up to \$2 million of reserves for flood-related costs, but this would likely be in fiscal year 2027 or 2028.

The district's enrollment dropped by 5% in the current school year due to families displaced by the flood. Enrollment, a key determinant for Iowa school district operating revenue, the flood displaced many families, likely, temporarily. Historically enrollment has been stable and a net gainer from open enrollment by approximately 60 students. The district is forecasting enrollment to increase in the near term, which would correspond to an increase in state revenue. We believe that enrollment is likely to recover, as management reports over 200 new homes are under construction, with about 150 of those replacing ones that were destroyed in the 2024 flood. Multiple other residential developments are underway, including a multifamily home development and an age 55+ development.

The rating reflects our view of the following:

- Rock Valley Community School District is in northwest Iowa in Sioux and Lyon counties and serves the city of Rock Valley and surrounding agricultural areas. Officials report stability among the district's larger taxpayers and employers, as flood damage was concentrated within residential areas. Both county employment and gross county product are centered on manufacturing and agriculture.
- Conservative budgeting and close monitoring of expenditures have contributed to steady reserves even during times of financial strain.
- Financial policies and practices are standard, highlighted by monthly budget-to-actual and investment reporting, investment and debt management policies, a target of maintaining reserves above 15% of revenues, and lack of formalized long-term financial and capital planning.
- Debt metrics are somewhat elevated relative to peers'. However, the state pension system is well funded, mitigating long-term fixed cost pressures.
- For 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 have analyzed the district's environmental, social, and governance factors and view them as neutral in our credit analysis. While physical risk has been neutral, the 2024 flash flood prompted the city of Rock Valley to begin working with the Army Corps of Engineers on future flood mitigation, and the district is using FEMA funds to mitigate future damage to the school by increasing the ground elevation among other projects. The district's cybersecurity practices align with those of its peers.

Outlook

The stable outlook reflects our view that the district's stable enrollment and well-managed finances will continue to support rating stability through at least the two-year outlook period.

Downside scenario

We could take a negative rating action if the district's financial performance and reserves materially weakened or if its increasing debt burden pressured its financial position.

Upside scenario

We could take a positive rating action if economic metrics improved to levels comparable with those of higher-rated peers and income levels materially increased, while all other credit factors remained unchanged or improved.

Rock Valley Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.80
Economy	2.0
Financial performance	3
Reserves and liquidity	2
Management	3.00
Debt and liabilities	4.00

Rock Valley Community School District, Iowa--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	106	--	106	111
County PCPI % of U.S.	97	--	97	106
Market value (\$000s)	737,504	600,049	578,536	555,380
Market value per capita (\$)	135,845	110,527	106,486	105,666
Top 10 taxpayers % of taxable value	18.9	19.4	--	19.5
County unemployment rate (%)	2.3	2.0	2.0	1.9
Local median household EBI % of U.S.	106	106	111	105
Local per capita EBI % of U.S.	87	87	92	89
Local population	5,429	5,429	5,433	5,256
Financial performance				
Operating fund revenues (\$000s)	--	11,665	12,346	11,182
Operating fund expenditures (\$000s)	--	11,591	11,757	11,532
Net transfers and other adjustments (\$000s)	--	13	6	(37)
Operating result (\$000s)	--	87	595	(387)
Operating result % of revenues	--	0.7	4.8	(3.5)
Operating result three-year average %	--	0.7	1.7	(0.3)
Enrollment	--	898	896	824
Reserves and liquidity				
Available reserves % of operating revenues	--	32.6	30.7	29.2
Available reserves (\$000s)	--	3,806	3,796	3,270
Debt and liabilities				
Debt service cost % of revenues	--	2.5	4.3	10.4

Rock Valley Community School District, Iowa--key credit metrics

	Most recent	2024	2023	2022
Net direct debt per capita (\$)	6,260	2,735	53	117
Net direct debt (\$000s)	33,987	14,847	290	615
Direct debt 10-year amortization (%)	35	46	100	--
Pension and OPEB cost % of revenues	--	5.0	5.0	4.0
NPLs per capita (\$)	--	541	670	643
Combined NPLs (\$000s)	--	2,936	3,639	3,381

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\$10.0 mil GO sch bnds ser 2026-A due 06/01/2046	
Long Term Rating	A+/Stable
Ratings Affirmed	
Local Government	
Rock Valley Comnty Sch Dist, IA Unlimited Tax General Obligation	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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