

CREDIT OPINION

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Unified School District No. 107, Jewell County, KS (Rock Hills)

New Issuer

Summary

[Unified School District No. 107, Jewell County, KS \(Rock Hills\)](#)'s (A2) credit profile reflects a stable but limited economy supported largely by the agriculture sector and remains susceptible to heat and water stress. Resident income is below peers and full value per capita is solid. Declining enrollment will remain a credit challenge due to a lack of residential development and aging population. Strong reserves will persist in fiscal 2026 with no plans to spend down reserves in the future. Long-term liabilities will remain low based on no additional issuance plans.

Credit strengths

- » Strong reserves
- » Low leverage

Credit challenges

- » Limited economy
- » Declining enrollment
- » Weak financial reporting

Rating outlook

We do not assign outlooks to local government issuers with this amount of debt outstanding.

Factors that could lead to an upgrade

- » Local economic investment that boosts resident income and/or diversifies the economy
- » Residential development that results in an increasing enrollment trend

Factors that could lead to a downgrade

- » Erosion of available fund balance and/or liquidity ratios approaching 25% of revenue
- » Additional debt issuances that increases the long-term liabilities ratio above 250%

Key indicators

Exhibit 1

Unified School District No. 107, Jewell County, Kansas (Rock Hills)

	2022	2023	2024	2025	A Medians
Economy					
Resident income	72.5%	78.3%	77.2%	N/A	N/A
Full value (\$000)	\$398,695	\$409,881	\$415,014	\$399,859	\$1,239,292
Population	2,502	2,561	2,647	N/A	12,617
Full value per capita	\$159,350	\$160,047	\$156,787	N/A	\$99,324
Enrollment	399	374	374	363	1,701
Enrollment trend	9.4%	4.6%	3.2%	-3.1%	N/A
Financial performance					
Operating revenue (\$000)	\$4,814	\$5,620	\$6,285	\$6,331	\$31,734
Available fund balance (\$000)	\$2,580	\$2,791	\$3,203	\$3,432	\$8,037
Net cash (\$000)	\$2,841	\$3,344	\$3,715	\$3,928	\$9,442
Available fund balance ratio	53.6%	49.7%	51.0%	54.2%	25.7%
Net cash ratio	59.0%	59.5%	59.1%	62.0%	33.2%
Leverage					
Debt (\$000)	\$0	\$0	\$0	\$0	\$21,998
ANPL (\$000)	\$0	\$0	\$0	\$0	\$34,713
OPEB (\$000)	\$0	\$0	\$0	\$0	\$2,511
Long-term liabilities ratio	0.0%	0.0%	0.0%	0.0%	N/A
Implied debt service (\$000)	\$0	\$0	\$0	\$0	\$1,520
Pension tread water (\$000)	\$0	\$0	\$0	\$0	\$1,316
OPEB contributions (\$000)	\$0	\$0	\$0	\$0	\$187
Fixed-costs ratio	0.0%	0.0%	0.0%	0.0%	N/A

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [K12 Median Report](#).

Sources: US Census Bureau, Unified School District No. 107, Jewell County, Kansas (Rock Hills)'s financial statements and Moody's Ratings

Profile

Unified School District No. 107, Jewell County, Kansas (Rock Hills) is located in North Central Kansas, encompassing 755 square miles. The district has a current estimated population of 2,647, is headquartered in Mankato, Kansas, and provides educational services to a total of 353 students as of 2026.

Detailed credit considerations

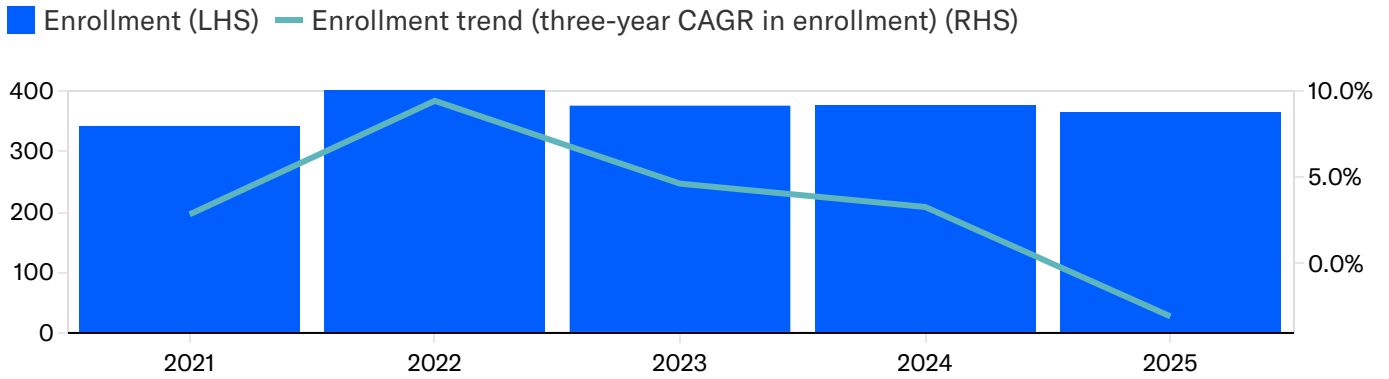
The district's economic metrics will remain stable but challenged by a limited economy largely dependent on the agriculture sector. In addition, heat and water stress for the northern Kansas region and dependency on the agriculture heightens the risk for economic disruption. Resident income is below peers, equivalent to about 77% of the nation and full value per capita is a solid \$148,000. Enrollment has declined at an average annual rate of 3.1% over the last three years to 363 students from a high of 399 students in 2022. However, enrollment is above the pre-pandemic figure of 305 students in 2019. The absence of local residential developments combined with a significantly higher median age hampers future enrollment growth prospects, a credit challenge for the district.

The district has a history of maintaining strong reserves that will persist into fiscal 2026 despite the potential use of some reserves for capital needs. We consider the general, supplementary general, contingency reserve, special education, and capital outlay funds to be the main operating funds of the district. The district ended fiscal 2025 (June 30 year-end) with unencumbered operating cash balances of \$3.4 million, or 54% of revenue. Of this amount, approximately 70% or \$2.4 million is held within the capital outlay fund. The district has an informal target of about \$2 million for the capital outlay fund, a level the district anticipates spending down to over the next year for identified capital projects. Even then, reserves would still be near 50% of revenue. Although not yet adopted, preliminary fiscal 2027 budget plans suggest no significant changes or plans to spend down reserves.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

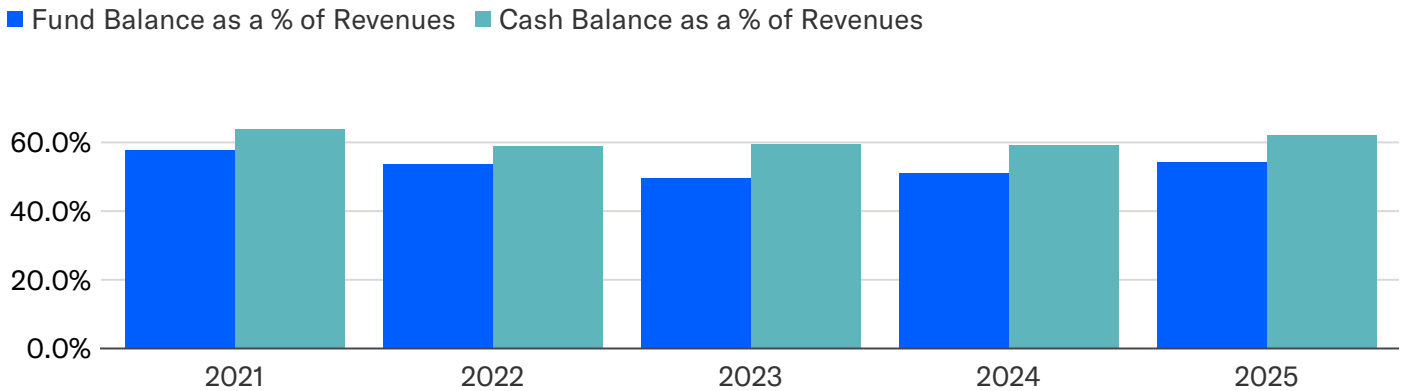
Leverage remains low post-issuance, representing about 90% of fiscal 2025 revenue and will remain low with no current plans for additional debt. Long-term liabilities are comprised solely of debt because the district does not have reported pension or OPEB liabilities. Fixed costs will increase as a result of the issuance but will be a low 6% of revenue.

Exhibit 2
Enrollment



Source: Moody's Ratings

Exhibit 3
Financial Trends



Source: Moody's Ratings

ESG considerations

Environmental

The district, by virtue of its location in northern Kansas, is exposed to natural hazards. The district has a high risk to water stress, and medium risk to heat and extreme rainfall.

Social

Social considerations such as demographics, labor force, income and education are material considerations that influence the district's economy and demographic trends. The labor force, although nominally small, has been stable and the unemployment rate in Jewell County of 4.9% as of January 2026 is above the state (4.2%) and slightly above the national (4.7%) rates for the same time period. Adjusted resident income is equivalent to about 77% of the national median when adjusting for regional price parity.

Governance

The district is governed by an elected seven-member board. Day to day operations are the responsibility of the superintendent. Management is strong as shown by conservative budgeting and a history of maintaining strong financial reserves.

Kansas school districts have a weak ability to match revenues to expenditures. State aid generally accounts for a majority of revenues. The state allows districts to generate some additional revenue by levying local property taxes, but there are caps, and most districts have little to no headroom under the caps.

Rating methodology and scorecard factors

The [US K-12 Public School Districts Methodology](#) includes a scorecard that summarizes the rating factors generally most important to school district credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 4

Unified School District No. 107, Jewell County, Kansas (Rock Hills)

	Measure	Weight	Score
Economy			
Resident Income (MHI Adjusted for RPP / US MHI)	77.2%	10.0%	Baa
Full value per capita (full valuation of the tax base / population)	148,101	10.0%	Aa
Enrollment trend (three-year CAGR in enrollment)	-3.1%	10.0%	Baa
Financial performance			
Available fund balance ratio (available fund balance / operating revenue)	54.2%	20.0%	Aaa
Net cash ratio (net cash / operating revenue)	62.0%	10.0%	Aaa
Institutional framework			
Institutional Framework	Baa	10.0%	Baa
Leverage			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	89.6%	20.0%	Aaa
Fixed-costs ratio (adjusted fixed costs / operating revenue)	0.0%	10.0%	Aaa
Notching factors			
Limited scale of operations	-0.50		
Weak financial reporting	-2.00		
Scorecard-Indicated Outcome			A2
Assigned Rating			A2

The complete list of outstanding ratings assigned to the Unified School District No. 107, Jewell County, Kansas (rock Hills) is available on their [issuer page](#). Details on the current ESG scores assigned to the Unified School District No. 107, Jewell County, Kansas (rock Hills) are available on their [ESGView page](#).

Sources: US Census Bureau, Unified School District No. 107, Jewell County, Kansas (Rock Hills)'s financial statements and Moody's Ratings

Appendix

Exhibit 5

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Ratings
Financial performance		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
Leverage		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US K-12 Public School Districts Methodology](#).

Source: Moody's Ratings

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