

Research Update:

# West Des Moines Community School District, IA Series 2026 GO Bonds Assigned 'AA-' Rating; Outlook Is Stable

April 24, 2026

## Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to [West Des Moines Community School District](#), Iowa's anticipated \$45 million series 2026 general obligation (GO) debt.
- The outlook is stable.

## Rationale

### Security

The outstanding 2020A and 2023A notes are secured by the district's unlimited ad valorem tax GO pledge, with debt service paid from revenues generated from its voter-approved physical plant and equipment levy, which is authorized through 2031.

The series 2026 bonds are secured by ad valorem taxes upon all taxable real property in the boundaries of the district without limit as to rate or amount.

### Credit highlights

The district's operating performance has weakened in our view, largely because of two large general fund operating deficits of 4.1% in fiscal 2024 and 4.5% in fiscal 2025, as well continued deficit spending in 2026 and 2027. The deterioration has been driven by rising special education and Limited English Proficiency program costs, and while management projects that these expenditure pressures will continue throughout the two-year outlook horizon, future budgets will reflect a moderation of expenses. While the district's expenditures fell by 1.1% in fiscal 2025, general fund revenues declined at a higher rate of 1.8%. The district relies heavily on state aid, which constitutes nearly 46% of general fund revenues in fiscal 2025--a 2% increase from fiscal 2024. While state funding is consistent, the 2% growth in state supplemental assistance has not kept up with inflation and cost pressures.

In fiscal 2025, the district's anticipated \$9.7 million ended with a lower \$5.7 million deficit result due to ongoing curriculum and special education costs. For fiscal year 2026, management projects a \$6.9 million deficit due to these ongoing needs and has budgeted for a \$2.8 million

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deficit in fiscal 2027. To support revenues, the district maximized its cash reserve levy in 2026 and plans to continue to do so throughout the outlook horizon. In fiscal 2025, the district received \$777,179 from its cash reserve levy--significantly less than the \$4.1 million in 2024, primarily due to the recognition of ESSER funds that have since lapsed.

As management anticipates negative operating results for the next few years and ongoing expenditure pressures, the district will likely further draw down its reserves. This will allow the district to maximize its cash reserve levy, which is reflected by management's levy estimate of \$7.0 million in 2026 and \$12.8 million in 2027. The district has taken proactive measure to control expenditure increase in fiscal 2027 to support a return to stable operations, but could draw down unassigned general fund reserves to \$8.1 million through 2027, or 5.7% of general fund revenues, based on current expected performance in both audited years. Overall, while district's reserve levels have decreased from 2024, we believe they are healthy enough to support management's planned temporary deficit spending at the current rating despite the expected drawdowns.

The district's economy is robust, with access to the Des Moines metropolitan statistical area and a rapidly growing tax base. The county's total market value increased nearly 17% in 2025, reflecting the area's recent economic developments. The city of West Des Moines issued \$1.6 billion in permits during April 2024-February 2025, supporting the 2.2% increase in taxable valuation increase in 2025. Notably, Microsoft has constructed four data centers and is now the district's largest taxpayer.

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

- Polk County's gross county product is well above the national average, with a vibrant, resilient economy near the state capital and economic center, with a favorable tax base, population, and output growth that bolster the district's economic profile. West Des Moines itself also benefits from above-average local incomes.
- Negative operating results are due to an increase in expenditures and minimal--or even declining--revenue growth. The district projects a \$6.9 million deficit in fiscal 2026 and a \$2.8 million deficit in 2027. Total served enrollment has been stable in previous years, although a decline of 321 students, or 3.6%, is expected through 2027. The district has benefitted from open enrollment, with more students enrolled in than enrolled out through 2027.
- Reserves are currently healthy and exceed management's target of an 8% solvency ratio but are expected to decline to 5.7% of budgeted 2027 revenues. However, we expect that management's steps to balance its budget will return reserves to levels more than this amount in budget outyears.
- The district's proactive financial management framework includes practices that include using historical data, providing monthly budget-to-actual reports to the board, long-term planning through an annually updated financial plan, and a 10-year capital improvement plan, with formal investment and debt policies. Cybersecurity policies and practices are in line with its peers.
- The debt and liabilities burden is manageable, with \$90 million in expected issuances through 2030 (referendum-approved debt) that will not significantly alter our current view of the district's net direct debt per capita or cost of debt and liabilities levels, primarily due to the anticipated amortization of \$62.6 million in principal through the end of these issuances.
- For more 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 environmental, social, and governance factors relative to the district's economy, management, financial measures, and debt and liability profile, and view them as neutral in our credit rating analysis.

## Outlook

The stable outlook reflects our view that the district will maintain healthy reserve levels despite projected deficits and will return to mostly balanced operations.

### Downside scenario

We could lower the rating if the district draws down reserves more than projected and does not return to structural balance outside the two-year outlook horizon.

### Upside scenario

We could raise the rating after a sustained period of robust financial performance leading to reserves commensurate with those of higher-rated peers while all other credit factors remain unchanged or improve.

### West Des Moines Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.40
Economy	1.5
Financial performance	3
Reserves and liquidity	3
Management	2.00
Debt and liabilities	2.50

### West Des Moines Community School District, Iowa--key credit metrics

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita % of U.S.	144	--	144	144
County PCPI % of U.S.	96	--	96	96
Market value (\$000s)	10,805,323	10,702,847	8,901,789	8,735,802
Market value per capita (\$)	167,102	165,517	137,664	134,991
Top 10 taxpayers % of taxable value	10.5	--	10.5	10.2
County unemployment rate (%)	3.5	3.5	3.1	2.9
Local median household EBI % of U.S.	104	--	104	106
Local per capita EBI % of U.S.	118	--	118	116
Local population	64,663	--	64,663	64,714
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	125,664	127,907	132,142
Operating fund expenditures (\$000s)	--	132,036	133,546	128,231

**West Des Moines Community School District, Iowa--key credit metrics**

	Most recent	2025	2024	2023
Net transfers and other adjustments (\$000s)	--	679	366	72
Operating result (\$000s)	--	(5,693)	(5,273)	3,983
Operating result % of revenues	--	(4.5)	(4.1)	3.0
Operating result three-year average %	--	(1.9)	1.5	3.8
Enrollment	--	8,614	8,679	8,774
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	11.1	15.4	18.9
Available reserves (\$000s)	--	13,955	19,755	24,913
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	9.5	7.8	6.5
Net direct debt per capita (\$)	2,241	1,606	1,747	1,022
Net direct debt (\$000s)	144,938	103,827	112,944	66,157
Direct debt 10-year amortization (%)	63	71	100	--
Pension and OPEB cost % of revenues	--	5.0	5.0	4.0
NPLs per capita (\$)	--	480	480	593
Combined NPLs (\$000s)	--	31,060	31,060	38,343

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\$45,000,000 West Des Moines Community School District, Iowa, General Obligation School Bonds, Series 2026, dated: Date of Delivery, due: June 1, 2046

Long Term Rating AA-/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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