S&P Global Ratings

RatingsDirect®

Research Update:

West Fork Community School District, IA GO Debt Rating Lowered To 'A' From 'A+' On Weakened Reserve Position

July 21, 2026

Primary Contact

Jillian Morley
New York
1-212-438-0290
jillian.morley
@spglobal.com

Secondary Contact

Helen Samuelson
Chicago
+ 1 (312) 233 7011
helen.samuelson
@spglobal.com

Overview

- S&P Global Ratings lowered its underlying rating on **West Fork Community School District** (CSD), Iowa's general obligation (GO) debt outstanding to 'A' from 'A+'.
- At the same time, S&P Global Ratings assigned its 'A' long-term rating to West Fork CSD's nearly $6.9 million series 2026 GO school bonds.
- The outlook is stable.
- The downgrade reflects the district's weakened reserve position, which has fallen to levels no longer comparable with those of higher-rated peers.

Rationale

Security

The district's ad valorem property tax GO pledge secures the series 2026 bonds. Bond proceeds will support heating, ventilation, and air conditioning upgrades as well as related infrastructure upgrades and other capital improvements to existing facilities.

Credit highlights

The downgrade is driven by operational imbalances that have weakened the district's reserves relative to its peers. While we expect management will stabilize the budget over the near term, we believe reserves will remain at current levels.

Although the district previously expected balanced results for fiscal 2025, it ended the year with a $575,000 deficit (5.3% of general fund revenues) due to the discontinuation of federal pandemic funding and an unreceived safety grant. This deficit reduced available reserves to 1.3 million (12%) in fiscal 2025 from $1.8 million (16%) in fiscal 2024. Management expects to achieve balanced operations in fiscal years 2026 and 2027 by making staffing efficiencies and using its cash reserve levy, which will provide stability in the near term. While the district may outperform these expectations, we view these cost-cutting measures as stabilization efforts rather than an active attempt to return reserves to previous levels. Consequently, we expect reserve levels will remain relatively flat and materially weaker than those of higher-rated peers.

The rating further reflects our view of the following:

- The district spans four counties, with most of its population, tax base, and enrollment situated in Cerro Gordo County. Cerro Gordo and the other counties are rural, with most economic activity supported directly or indirectly by agriculture. Gross county production on a per capita basis is in line with U.S. levels. Local incomes slightly lag national levels but not to a degree that we believe warrants a weakened economic assessment. However, the local population trend limits our view of the district's growth prospects and negatively affects our economic assessment.
- The stable financial profile is supported by ongoing cost saving efforts and no plans to further spend down available reserves.
- Management practices are in line with those of peers, including monthly budget-to-actual reporting, long-term financial and capital planning and some formal and informal policies to help manage debt, investments, and reserves. The informal reserve target matches the upper end of the Iowa Association of School Board's recommendation for maintaining unobligated resources at 5% to 15% of revenue. The district's cybersecurity procedures align with those of peers.
- Debt metrics are somewhat elevated yet manageable, with no additional debt plans in the next two years. The district has a privately placed sales tax bond outstanding, but the agreements have no nonstandard events of default or acceleration provisions. Pension and other postemployment liabilities are manageable and, with current funding practices, we do not expect material budgetary pressures to arise.
- For more information on our institutional framework assessment for Iowa school districts, see "Institutional Framework Assessment: Iowa Local Governments," Sept. 9, 2024.

Outlook

The stable outlook reflects our view that budgetary performance will stabilize and reserves will remain near current levels.

Downside scenario

We could take a negative rating action if the district fails to reestablish balanced operations, leading to reserves dropping to levels that we view as not consistent with those of similarly rated peers due to imbalanced operations or other factors.

Upside scenario

We could take a positive rating action if reserves increased on a sustained basis to levels that, in our view, reduce liquidity risk, and if either local demographic trends stabilize or the local economy diversifies.

West Fork Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.86
Economy	3.5

West Fork Community School District, Iowa--credit summary

Financial performance	2
Reserves and liquidity	3
Management	2.30
Debt and liabilities	3.50

West Fork Community School District, Iowa--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	100	--	100	100
County PCPI % of U.S.	110	--	110	111
Market value ($000s)	839,559	833,586	676,237	638,909
Market value per capita ($)	187,026	185,695	150,643	140,946
Top 10 taxpayers % of taxable value	13.5	13.4	--	--
County unemployment rate (%)	3.0	3.4	3.0	3.1
Local median household EBI % of U.S.	93	--	93	94
Local per capita EBI % of U.S.	87	--	87	89
Local population	4,489	--	4,489	4,533
Financial performance				
Operating fund revenues ($000s)	--	10,852	11,305	10,629
Operating fund expenditures ($000s)	--	11,412	10,758	10,363
Net transfers and other adjustments ($000s)	--	(15)	(405)	(118)
Operating result ($000s)	--	(575)	142	148
Operating result % of revenues	--	(5.3)	1.3	1.4
Operating result three-year average %	--	(0.9)	2.5	5.2
Enrollment	--	699	708	705
Reserves and liquidity				
Available reserves % of operating revenues	--	12.5	16.1	15.5
Available reserves ($000s)	--	1,354	1,819	1,646
Debt and liabilities				
Debt service cost % of revenues	--	8.4	5.3	0.8
Net direct debt per capita ($)	5,177	3,910	1,778	1,846
Net direct debt ($000s)	23,239	17,554	7,981	8,370
Direct debt 10-year amortization (%)	49	55	65	59
Pension and OPEB cost % of revenues	--	5.0	4.0	5.0
NPLs per capita ($)	--	531	531	645
Combined NPLs ($000s)	--	2,385	2,385	2,925

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$6.900 mil GO sch bnds ser 2026 due 06/01/2044	
Long Term Rating	A/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. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.