S&P Global Ratings

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Research Update:

Aplington-Parkersburg Community School District, IA Series 2026 GO Bonds Rated 'A'; Outlook Stable

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Overview

- S&P Global Ratings assigned its 'A' rating to Aplington-Parkersburg Community School District, Iowa's, $6.23 million series 2026 general obligation (GO) school bonds.
- The outlook is stable.

Rationale

Security

The bonds are secured by the district's unlimited ad valorem property tax GO pledge. The funds will be used to finance the construction, furnishing, and equipping of secure entrances at the Aplington and Parkersburg school buildings, as well as various remodeling, repair, and mechanical improvements to the school sites. Officials plan to issue the remaining $10 million of voter-authorized GO bonds in 2027.

Credit highlights

The rating reflects the district's stable financial performance and robust reserve levels, which serve as a primary offset to a weak local economic profile and an increasing debt burden. The district's ability to manage upcoming debt obligations will depend on the successful execution of its capital plan and the continued stability of state funding.

The district maintains a healthy liquidity position, with reserves projected to increase slightly in 2026 and in 2027. We expect the district will maintain positive budget results, projecting a $301,000 surplus (2.6%) for fiscal 2026 following cost savings from administrative restructuring in 2025.

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

- Economic growth prospects are pressured by a rural, agricultural-oriented economy characterized by weak per capita gross county product (GCP) and per capita personal income (PCPI) metrics and a negative population trend.
- We expect operating results will remain stable, as the district anticipates positive budget variances will further augment its balanced budgets in 2026 and 2027.

- The district's reserve position is strong, as it has historically exceeded its target range of 7%-17% and maintains a significant cushion relative to operating revenues.
- Conservative assumptions when constructing the budget and the board receives monthly financial reports, management uses a five-year forecast model, and maintains a capital assets spreadsheet for equipment replacement tracking, but lacks formal investment and debt policies.
- The debt burden is expected to increase significantly, as the current and planned issuance of approximately $10 million in voter-approved bonds is projected to raise per capita debt and annual debt costs. The district has less than $1 million remaining on sales tax revenue bonds that were privately placed. The private placement has no permissive events of default or accelerations as a remedy.
- For more information on our institutional framework assessment for Iowa, see "Institutional Framework Assessment: Iowa Local Governments," Sept. 9, 2024.

Outlook

The stable outlook reflects our expectation that the district will maintain its strong reserve levels and positive operating margins despite an increasing debt service burden.

Downside scenario

We could take a negative rating action if the district's budget becomes imbalanced or other pressures emerge, leading to a significant erosion of the district's liquidity and reserve levels that are not consistent with similarly rated peers.

Upside scenario

We could raise the rating if the district demonstrates successful management of its increased debt load while simultaneously showing improved economic resilience or population stabilization within its service area.

Aplington-Parkersburg Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.93
Economy	5.5
Financial performance	2
Reserves and liquidity	1
Management	2.65
Debt and liabilities	3.50

Aplington-Parkersburg Community School District, Iowa--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	54	--	54	59
County PCPI % of U.S.	84	--	84	88
Market value ($000s)	785,096	678,706	560,983	538,854

Aplington-Parkersburg Community School District, Iowa--key credit metrics

	Most recent	2025	2024	2023
Market value per capita ($)	168,331	145,520	120,642	115,708
Top 10 taxpayers % of taxable value	13.9	--	--	--
County unemployment rate (%)	3.3	3.9	3.4	3.3
Local median household EBI % of U.S.	93	93	94	94
Local per capita EBI % of U.S.	87	87	87	91
Local population	4,664	4,664	4,650	4,657
Financial performance				
Operating fund revenues ($000s)	--	11,067	10,920	10,944
Operating fund expenditures ($000s)	--	11,270	10,493	10,321
Net transfers and other adjustments ($000s)	--	26	--	--
Operating result ($000s)	--	(177)	427	623
Operating result % of revenues	--	(1.6)	3.9	5.7
Operating result three-year average %	--	2.7	4.6	5.3
Enrollment	--	790	821	810
Reserves and liquidity				
Available reserves % of operating revenues	--	26.6	30.6	28.7
Available reserves ($000s)	--	2,948	3,344	3,136
Debt and liabilities				
Debt service cost % of revenues	--	3.6	3.6	3.6
Net direct debt per capita ($)	3,317	370	459	553
Net direct debt ($000s)	15,470	1,724	2,135	2,576
Direct debt 10-year amortization (%)	39	100	100	100
Pension and OPEB cost % of revenues	--	5.0	5.0	5.0
NPLs per capita ($)	--	559	560	737
Combined NPLs ($000s)	--	2,605	2,605	3,432

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$6.230 mil GO sch bnds ser 2026 due 6/1/2046	
Long Term Rating	A/Stable
New Rating	
Local Government	
Aplington - Parkersburg 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.

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.