MOODY'S
RATINGS

Rating Action: Moody's Ratings upgrades Indianola Community School District, IA to Aa2; assigns Aa2 to GO Bonds

31 Jul 2025

New York, July 31, 2025 -- Moody's Ratings (Moody's) has upgraded Indianola Community School District, IA's outstanding issuer rating and outstanding general obligation unlimited tax (GOULT) debt to Aa2 from Aa3. We also assigned a Aa2 to the district's General Obligation School Bonds, Series 2025 with a proposed par amount of roughly $13 million. Inclusive of the current sale, the district will have roughly $63 million of debt outstanding.

The ratings were upgraded because the district has a strong available fund balance ratio that will continue to be around 25% following likely nearly balanced operations in fiscal 2025 and fiscal 2026 (June 30 year-end) and its leverage ratio will remain below 250%.

RATINGS RATIONALE

The Aa2 issuer rating reflects the district's strong finances and solid local economy near Des Moines. Its resident income ratio is around 120% and full value per capita is close to $116,000. The district's enrollment trend will likely remain stable and similar to historical trends. Inclusive of the current sale, the district's leverage ratio will increase to roughly 230% of fiscal 2024 operating revenue and is likely to increase when the district issues the remaining portion of the voter-authorized debt.

The Aa2 rating on the district's GOULT bonds is rated at the same level as the Aa2 issuer rating based on the district's full faith and credit pledge and authorization to levy a dedicated property tax that is unlimited as to rate or amount.

RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained maintenance of available fund balance ratio above 40%

- Maintenance of long-term liabilities ratio below 250% and fixed-costs ratio under 15%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Reduction of available fund balance ratio approaching 15%

- Substantial and sustained increase in the leverage ratio to levels approaching 400% of revenue

PROFILE

Indianola Community School District is located in Warren County in central Iowa, about 12 miles south of Des Moines (Aa2 stable). The district enrolls over 3,600 students across six school facilities, serving a population of over 20,000.

METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts published in July 2024 and available at https://ratings.moodys.com/rmc-documents/425431. Alternatively, please see the Rating

Methodologies page on https://ratings.moodys.com for a copy of this methodology.

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For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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