

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa2 to North Iowa Area Community College, IA's GO certificates

03 Nov 2025

New York, November 03, 2025 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to North Iowa Area Community College, IA's Taxable Industrial New Jobs Training Certificates, Series 2025-2, with a proposed par amount of roughly \$1.2 million. We maintain an A2 issuer rating on the college, a Aa2 on its outstanding general obligation unlimited tax (GOULT) debt and an A3 on its dormitory revenue bonds rating. Inclusive of the sale, the college will have about \$21 million in GOULT debt outstanding, along with nearly \$21 million in dormitory revenue debt outstanding.

RATINGS RATIONALE

The Aa2 GOULT rating reflects the college's large tax base and strong financial position supported by prudent budgetary management and a strong ability to increase operating revenue. The rural tax base is fully valued at over \$18 billion, and resident income and full value per capita both remain solid. The college maintained robust reserves in fiscal 2024 (year-end June 30) with net current assets equal to about 86% of revenue.

According to preliminary results, general fund balance is likely to decline in fiscal 2025 given a transfer for physical plant expenses, though operations are estimated to have ended with a modest surplus excluding the transfer. Reserves will likely remain robust, with the fiscal 2026 budget projecting the use of a portion of accumulated fund balance in the plant fund for capital projects.

After years of declines, enrollment trends are now positive, boosted by new certificate programs aligned with regional workforce demand. The college had historically supported its dorm revenue debt with transfers from the general fund to maintain debt service coverage at or above 1.1x, but management reports that improved dorm occupancy led to the first year where support was not required. The college's leverage will remain moderate inclusive of the upcoming issuance, with no material debt plans over the next year.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Continued expansion of the college's tax base and strengthening of resident income
- Sustained bolstering of operating reserves and liquidity
- Upgrade of the college's dorm revenue debt rating

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Sustained reduction in available reserves or liquidity
- Growth in the combined debt or pension burden to above 3x operating revenues
- Downgrade of the college's dorm revenue debt rating

PROFILE

North Iowa Area Community College serves a 11 county area in northern Iowa with a main campus located in Mason City. The college provides career and technical education to over 2,000 full time equivalent students.

METHODOLOGY

The principal methodology used in this rating was US Special Purpose District General Obligation Debt published in February 2025 and available at <https://ratings.moodys.com/rmc-documents/437940>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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