

**CREDIT OPINION**

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# Dallas Center-Grimes Community School District, IA

Update to credit analysis

**Summary**

[Dallas Center-Grimes Community School District, IA](#) (Aa2) benefits from a strong economic base, solid financial position, and stable enrollment. Leverage and fixed costs will remain elevated given additional debt plans.

**Credit strengths**

- » Strong income and full value per capita
- » Growing enrollment

**Credit challenges**

- » Although overall reserves are strong inclusive of funds that will be drawn down in a debt service fund, general fund balance trails higher-rated peers
- » Moderately elevated leverage with some additional debt plans

**Rating outlook**

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

**Factors that could lead to an upgrade**

- » Maintenance of available general fund balance well above 25%
- » Long-term liabilities ratio approaching 125% and fixed costs below 15%

**Factors that could lead to a downgrade**

- » General fund available fund balance ratio consistently below 15%
- » Long-term liabilities ratio consistently closer to 400%, or fixed costs ratio approaching 25%

## Key indicators

Exhibit 1

### Dallas Center-Grimes Community S.D., IA

	2022	2023	2024	2025	Aa Medians
<b>Economy</b>					
Resident income	145.1%	145.4%	161.1%	N/A	N/A
Full value (\$000)	\$2,449,910	\$3,026,361	\$3,123,244	\$3,426,553	\$4,352,123
Population	14,635	14,657	15,294	N/A	30,690
Full value per capita	\$167,401	\$206,479	\$204,214	N/A	\$136,490
Enrollment	3,660	3,767	3,770	3,760	3,879
Enrollment trend	3.0%	2.7%	2.3%	0.9%	N/A
<b>Financial performance</b>					
Operating revenue (\$000)	\$46,827	\$53,505	\$55,914	\$61,082	\$79,491
Available fund balance (\$000)	\$19,635	\$24,087	\$27,072	\$31,916	\$22,417
Net cash (\$000)	\$21,418	\$24,949	\$32,340	\$37,038	\$27,164
Available fund balance ratio	41.9%	45.0%	48.4%	52.3%	28.7%
Net cash ratio	45.7%	46.6%	57.8%	60.6%	36.5%
<b>Leverage</b>					
Debt (\$000)	\$76,551	\$73,845	\$71,366	\$68,764	\$50,348
ANPL (\$000)	\$65,676	\$35,551	\$45,194	\$36,860	\$77,231
OPEB (\$000)	\$830	\$945	\$512	\$538	\$6,210
Long-term liabilities ratio	305.5%	206.2%	209.4%	173.8%	N/A
Implied debt service (\$000)	\$5,550	\$5,346	\$5,130	\$4,939	\$3,492
Pension tread water (\$000)	\$923	\$1,723	\$2,014	\$1,894	\$3,023
OPEB contributions (\$000)	\$67	\$70	\$43	\$53	\$379
Fixed-costs ratio	14.0%	13.3%	12.9%	11.3%	N/A

For definitions of the metrics in the table above please refer to the [US K-12 Public School Districts Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [K12 Median Report](#).

Sources: US Census Bureau, Dallas Center-Grimes Community S.D., IA's financial statements and Moody's Ratings

## Profile

Dallas Center-Grimes Community School District is located in central Iowa in the Des Moines metropolitan area, serving the cities of Dallas Center, Grimes, and a portion of the City of Urbandale. The district provides pre-K through 12th grade education to about 3,700 students in a community of over 15,000 residents.

## Detailed credit considerations

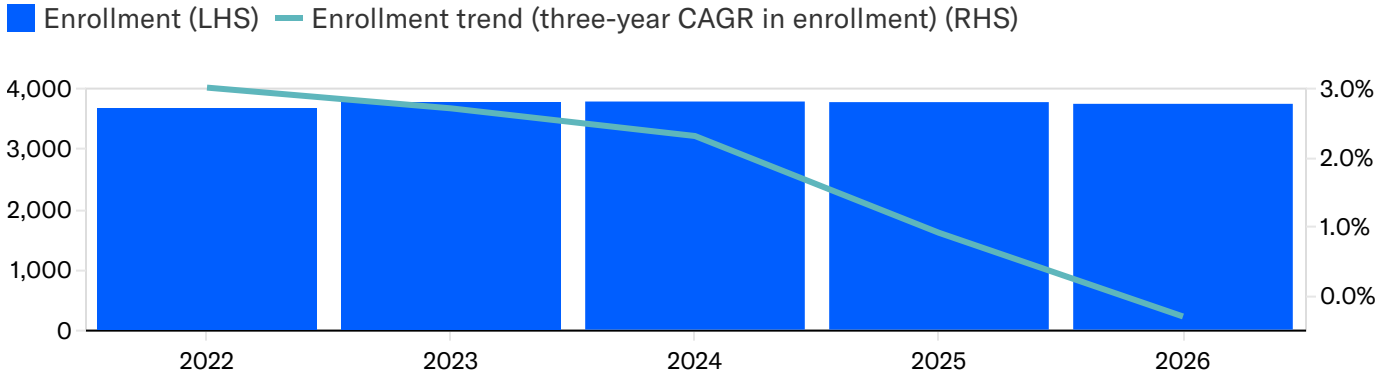
The district will continue to benefit from its proximity to employment opportunities in the Des Moines metro area. After many years of growth driven by rapid population increases, the enrollment trend is roughly stable, though significant ongoing residential development points to a return to enrollment growth over the next few years. Partly driven by capacity needs, the district is currently issuing the second tranche of \$88 million in voter-approved bonding authority. Following the sale, the district will have about \$30 million in remaining authority, which it will likely issue within the next two years. Given these plans, we expect the long-term liability ratio to peak closer to 300%.

The district will likely maintain solid reserves despite a projected declines over the next two years. Year-to-date results for fiscal 2026 point to a roughly \$2 million decline in general fund balance, which would bring the available general fund balance to about 16% of revenue. Management expects a similarly sized draw in fiscal 2027, which will allow the district to tap the cash reserve levy beginning in fiscal 2028 and rebuild reserves over the subsequent years. The combined available fund balance across the general fund, management levy fund and debt service fund was over \$30 million in fiscal 2025, or over 50% of revenue, inclusive of reserves held in the debt service fund that will be used to redeem a portion of the district's outstanding bonds in advance of maturity.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

**Economy**

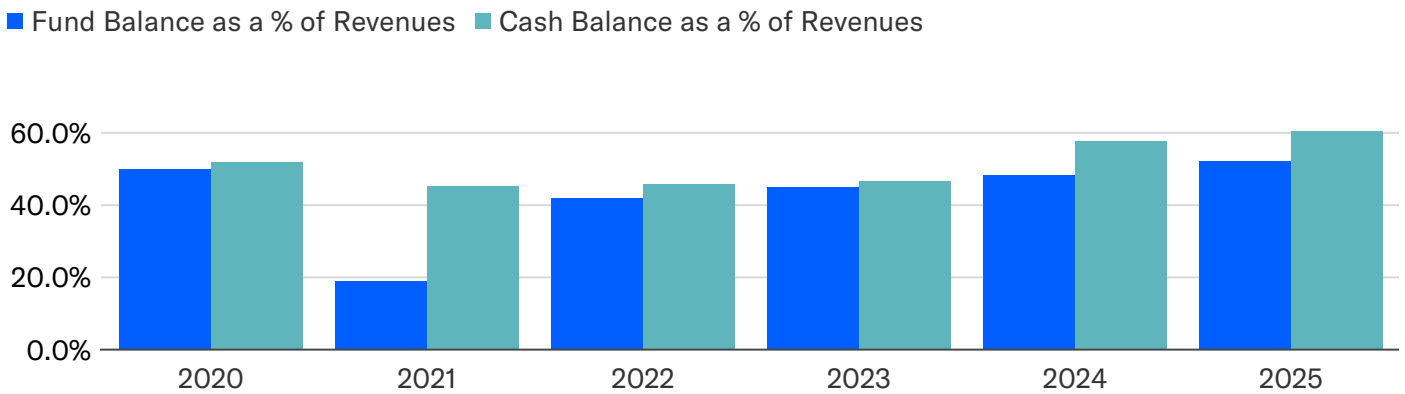
Exhibit 2  
**Enrollment**



Source: Moody's Ratings

**Financial operations**

Exhibit 3  
**Financial Trends**



Source: Moody's Ratings

**Leverage**

**Pensions and OPEB**

Iowa school districts participate in the Iowa Public Employees' Retirement System (IPERS). Government contributions in aggregate to IPERS amounted to 9% of payroll as of fiscal 2024, higher than our tread water indicator of 8%. While results will vary across US public pension systems, we generally expect local governments' fiscal year 2026 ANPLs to fall by around 20% based on our aggregate estimates.

**ESG considerations**

**Environmental**

Environmental risks are factored into our assessment of the district's credit quality but are not major drivers at this time.

### Social

Social factors are considered in the district's credit profile. The population has grown by over 40% in the last decade. The portion of the population that is school aged (24%) is significantly higher than the state (17%) and nation (16%). The poverty rate is consistently much lower than the state and national figures.

### Governance

Transparency and disclosure practices are in line with peers. The district has a history of strong budget management. The district has historically used its cash reserve levy, when capacity is available, to maintain an adequate level of operating reserves. While the levy has no rate cap, school districts must limit the levy such that the combination of levy revenue and unexpended fund balance does not exceed 20% the prior year's expenditures.

Iowa school districts have a strong ability to match revenues to expenditures. The state controls the bulk of school district revenue for Iowa school districts through per-pupil revenue limits adopted in the state budget. The state typically provides for regular and predictable increases in funding but has at times held funding flat. Districts can increase taxes with strong flexibility.

## Rating methodology and scorecard factors

The [US K-12 Public School Districts Methodology](#) includes a scorecard that summarizes the rating factors generally most important to school district credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 4

### Dallas Center-Grimes Community S.D., IA

	Measure	Weight	Score
<b>Economy</b>			
Resident Income (MHI Adjusted for RPP / US MHI)	161.1%	10.0%	Aaa
Full value per capita (full valuation of the tax base / population)	224,046	10.0%	Aaa
Enrollment trend (three-year CAGR in enrollment)	-0.3%	10.0%	A
<b>Financial performance</b>			
Available fund balance ratio (available fund balance / operating revenue)	52.3%	20.0%	Aaa
Net cash ratio (net cash / operating revenue)	60.6%	10.0%	Aaa
<b>Institutional framework</b>			
Institutional Framework	Aa	10.0%	Aa
<b>Leverage</b>			
Long-term liabilities ratio ((debt + ANPL + adjusted net OPEB) / operating revenue)	237.7%	20.0%	Aa
Fixed-costs ratio (adjusted fixed costs / operating revenue)	11.3%	10.0%	Aaa
<b>Notching factors</b>			
No notchings applied			
Scorecard-Indicated Outcome			Aa1
<b>Assigned Rating</b>			<b>Aa2</b>

The complete list of outstanding ratings assigned to the Dallas Center-Grimes Community S.D., IA is available on their [issuer page](#). Details on the current ESG scores assigned to the Dallas Center-Grimes Community S.D., IA are available on their [ESGView page](#).

Sources: US Census Bureau, Dallas Center-Grimes Community S.D., IA's financial statements and Moody's Ratings

## Appendix

Exhibit 5

### Key Indicators Glossary

	Definition	Typical Source*
<b>Economy</b>		
Resident income	Median Household Income (MHI), adjusted for Regional Price Parity (RPP), as a % of the US	MHI: American Community Survey (US Census Bureau) RPP: US Bureau of Economic Analysis
Full value (\$000)	Estimated market value of taxable property accessible to the district	State repositories, district's audited financial reports, offering documents or continuing disclosure
Population	Population of school district	American Community Survey (US Census Bureau)
Full value per capita	Full value / population of school district	
Enrollment	Student enrollment of school district	State data publications
Enrollment trend	3-year Compound Annual Growth Rate (CAGR) of Enrollment	State data publications; Moody's Ratings
<b>Financial performance</b>		
Operating revenue (\$000)	Total annual operating revenue in what we consider to be the district's operating funds	Audited financial statements
Available fund balance (\$000)	Committed, assigned and unassigned fund balances in what we consider to be the district's operating funds	Audited financial statements
Net cash (\$000)	Net cash (cash and liquid investments minus short-term debt) in what we consider to be the district's operating funds	Audited financial statements
Available fund balance ratio	Available fund balance / Operating Revenue	Audited financial statements
Net cash ratio	Net Cash / Operating Revenue	Audited financial statements
<b>Leverage</b>		
Debt (\$000)	District's direct gross debt outstanding	Audited financial statements; official statements
ANPL (\$000)	District's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
OPEB (\$000)	District's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Long-term liabilities ratio	Debt, ANPL and OPEB liabilities as % of operating revenue	Audited financial statements, official statements; Moody's Ratings
Implied debt service (\$000)	Annual cost to amortize district's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water (\$000)	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contributions (\$000s)	District's actual contribution in a given period, typically the fiscal year	Audited financial statements; official statements
Fixed-costs ratio	Implied debt service, pension tread water and OPEB contributions as % of operating revenue	Audited financial statements, official statements, pension system financial statements

\*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US K-12 Public School Districts Methodology](#).

Source: Moody's Ratings

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