



Rating Action: Moody's Ratings assigns Aa3 to Okoboji CSD, IA's GOs

10 Apr 2026

New York, April 10, 2026 -- Moody's Ratings (Moody's) has assigned a Aa3 rating to Okoboji Community School District, IA's General Obligation School Bonds, Series 2026, with a proposed par value of about \$39 million. We maintain the district's Aa3 issuer and outstanding general obligation unlimited tax (GOULT) ratings. Following the sale, the district will have about \$68 million in total debt outstanding.

RATINGS RATIONALE

The Aa3 issuer rating reflects the district's stable local economy with a solid resident income ratio (112%) and full value per capita (\$685,000). Enrollment declined for the second year in a row in fiscal 2025 (year-end June 30) and will likely continue to fall over the next few years, driven by a housing shortage in the district. Management expects renewed enrollment growth once in-progress residential developments come fully online by fiscal 2030.

Declining enrollment will likely result in widening budget gaps that the district will initially fill with available fund balance. Management has a plan to use up to \$1.4 million to bridge projected budget gaps from fiscal 2027 through fiscal 2030, a spend of roughly \$350,000 per year. Assuming the reserve draws are fully realized, the available fund balance ratio would dip below 20% in fiscal 2027 from 22% in fiscal 2025, and below 15% by fiscal 2030, which would be low compared to peers. The financial position has been otherwise stable in recent years. The fiscal 2026 budget is balanced and year-to-date results point to a small surplus.

The district is currently issuing the second and final tranche of the \$69 million in voter-approved bonding authority passed in November, 2024. At the close of fiscal 2026, we expect the long-term liabilities and fixed costs ratios to be about 390% and 25%, respectively, up from 160% and 12% at the close of fiscal 2025. The district does not have any additional debt plans for the foreseeable future.

The Aa3 GOULT rating is at the same level as the issuer rating based on the district's full faith and credit pledge with the authority to levy an ad valorem property tax, unlimited in both rate and amount, to pay debt service on the bonds.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Available fund balance ratio consistently closer to 30%
- Long-term liabilities ratio below 250% and fixed costs below 15%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Available fund balance ratio likely to remain at or below 15%
- Long-term liabilities ratio consistently above 400%, or fixed costs ratio consistently near 30%

PROFILE

Okoboji Community School District, IA is situated in Dickinson and Clay Counties. The district provides pre-K to

12th grade education to over 1,000 students in a community of over 7,000 residents.

METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455984>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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