

# MOODY'S

## RATINGS

### Rating Action: Moody's Ratings assigns Aa2 to Sioux City, IA's GO notes; outlook stable

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30 Apr 2026

New York, April 30, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 to the City of Sioux City, IA's General Obligation Capital Loan Notes, Series 2026A and Taxable General Obligation Capital Loan Notes, Series 2026B that are expected to be issued with anticipated par values of \$23.5 million and \$2.9 million, respectively. We also maintain the city's Aa2 issuer rating and Aa2 rating on outstanding general obligation unlimited tax (GOULT) debt. The outlook is stable. Post-issuance, the city will have over \$265 million in total debt outstanding.

#### RATINGS RATIONALE

The Aa2 issuer rating reflects the city's role as a regional hub in northwest Iowa, in which economic growth has kept pace with the nation over the past five years. The city's full value per capita of around \$87,000 and resident income ratio of about 99% are solid but trail Aa-rated peers. Prudent budget management and favorable revenue growth has led to a robust financial reserve position, closing fiscal 2025 (year-end June 30) with an available fund balance ratio of 36% and a liquidity ratio of 69% of operating revenue.

Reserves will likely grow in fiscal 2026 as operations are tracking the budget favorably, including expected surpluses in the water and sewer funds. The fiscal 2027 budget exhibits a slight decline in general fund balance but an increase across overall governmental and enterprise funds. The city maintains budgetary flexibility with margin to increase its employee benefits levy. The long-term liabilities ratio, currently around 160% of operating revenue, will grow to over 300% in the next few years given substantial debt plans to address compliance issues at the wastewater treatment plant. The city instituted sewer rate increases and plans to increase rates annually for the next several years to cover future debt service. Fixed costs are currently moderate at 10% of operating revenue and will likely grow over the next few years as the city issues additional debt.

The Aa2 rating on the GOULT bonds is at the same level as the city's Aa2 issuer rating because the city has pledged its full faith, credit and taxing power for repayment of the bonds.

#### RATING OUTLOOK

The stable outlook reflects our expectation that the city's economic and financial performance will continue supporting a strong credit profile.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Resident income ratio and full value per capita approaching 120% and \$150,000, respectively
- Available fund balance ratio more in line with national Aa1-rated peer median, which is currently over 60%
- Long-term liabilities ratio consistently below 150%

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Available fund balance ratio nearing 25%

- Increase of long-term liabilities ratio above 350%

## PROFILE

The City of Sioux City is located in northwestern Iowa, roughly 150 miles northwest of Des Moines and 90 miles north of Omaha with a population over 86,000. The city serves as the county seat of Woodbury County and provides public safety (police and fire), public works, recreation and other governmental services.

## METHODOLOGY

The principal methodology used in this rating was US Cities and Counties published in December 2025 and available at <https://ratings.moody.com/rmc-documents/455983>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

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