

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa1 to Northeast Iowa Community College, IA's GO certificates

04 May 2026

New York, May 04, 2026 -- Moody's Ratings (Moody's) has assigned a Aa1 rating to Northeast Iowa Community College, IA 's Taxable Industrial New Jobs Training Certificates, Series 2026-1, with a proposed par amount of roughly \$2 million. We maintain a Aa1 rating on the college's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the college will have over \$40 million of total debt outstanding.

RATINGS RATIONALE

The Aa1 GOULT rating reflects the college's large and diverse tax base in northeast Iowa and strong liquidity. The roughly \$33 billion tax base has grown at an average annual rate of 9% over the last five years, with a spike in fiscal 2023 (year-end June 30) caused by a statewide revaluation. Taxable valuation, which drives property tax revenue, grew by around 4% annually over the same time frame. Median family income is solid at 102% of the nation.

Reserves and liquidity will remain very strong at more than 90% of revenue on a full accrual basis. Performance for fiscal 2026 (year-end June 30) is on track for another operating surplus around \$500,000. While not yet finalized, management expects the fiscal 2027 budget to be balanced. On a full accrual basis, the college closed fiscal 2025 with around \$56 million in net current assets and roughly \$53 million in cash, around 96% and 92% of operating revenue, respectively. Inclusive of the upcoming issuance, the combined debt and pension burden will be slightly above 1x operating revenue, and leverage will likely remain relatively low given no major debt plans within the next year.

The college has flexibility to increase tuition and the ability to manage expenditures to account for potential enrollment declines. As with most community colleges, the college experienced a long trend of enrollment declines over the past decade, though full time equivalent enrollment has grown modestly over the last five years and is on track to remain stable for the next few years, supported by a recent expansion of athletic and academic programs.

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

- Sustained strengthening of demand the drives consistent enrollment growth
- Further strengthening of resident income to levels approximating 120% of the national median

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Significant narrowing of reserves and liquidity to levels nearing 25%
- Material increase in debt or pension burden to over 3x operating revenue

PROFILE

Northeast Iowa Community College maintains two campuses and seven educational centers across an eight county service area in northeast Iowa. The college provides career and technical education to approximately

6,100 students. The population of the college's service area totals just over 200,000.

METHODOLOGY

The principal methodology used in this rating was US Public Finance General Obligation Debt published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455986>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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