MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Aa2 to Garner-Hayfield-Ventura Community School District, IA's GOs

11 Sep 2026

New York, September 11, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to Garner-Hayfield-Ventura Community School District, IA's General Obligation School Bonds, Series 2026 with a proposed par amount of around $6.4 million. We maintain the district's outstanding Aa2 issuer and general obligation unlimited tax (GOULT) ratings. Following the sale, the district will have around $22 million in total debt outstanding.

RATINGS RATIONALE

The Aa2 issuer rating reflects the district's strong full value per capita of approximately $230,000, resident income equal to 107% of the national average, and a relatively stable enrollment trend. The local economy is stable and includes a significant manufacturing presence. The ten largest taxpayers account for 22% of assessed valuation, including a natural gas company that represents 14% of valuation and is a subsidiary of Berkshire Hathaway Energy Company (A3 stable).

Management projects a governmental funds surplus of approximately $200,000 in fiscal 2026 (year-end June 30), with governmental fund balance remaining stable at roughly 45% of revenue. General fund balance is expected to improve to approximately 38% of revenue. The district realized expenditure savings from six staff early retirements, including an approximately $900,000 reduction in instructional expenditures.

Management projects governmental funds and the general fund will post deficits of approximately $200,000 and $400,000, respectively in fiscal 2027. Governmental fund balance is expected to decline to approximately 40% of revenue, while general fund balance is projected to decrease to approximately 25%, driven in part by higher special education expenditures.

Management estimates modest operating deficits in both the governmental funds and general fund through fiscal 2029. The district's solvency ratio is projected to fall below the state's 20% solvency benchmark because of rising special education expenditures. Management plans to utilize the cash reserve levy to restore the solvency ratio to approximately 20%. The Iowa Association of School Board's (IASB) recommended solvency ratio benchmark is 7-17% while this district's policy is 15-20%. Governmental fund balance is expected to decline further to approximately 35% of revenue.

Voters approved the issuance of $21.4 million of general obligation bonds in fall 2024, and this sale represents the final remaining authorized portion. Long-term liabilities are projected to remain moderate at approximately 175% of operating revenue in fiscal 2026 and below 250% through fiscal 2027. The district indicated it may issue additional debt in fiscal 2029 to fund renovations to the special education wing, art and weight room facilities, and roof maintenance projects. As a result, the long-term liabilities ratio is expected to remain above 200%.

The Aa2 GOULT rating is aligned with the issuer rating because the bonds are secured by the district's full faith and credit and unlimited ad valorem taxing authority.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Continued economic growth that drives resident incomes in line with Aa medians and diversification of local economy

- A long-term liabilities ratio below 125%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- An available fund balance ratio below 20%

- A long-term liability ratio nearing 350%

- Materially declining enrollment trend

PROFILE

Garner-Hayfield-Ventura CSD, IA is located in north central Iowa, and encompasses the cities of Garner, Ventura, unincorporated areas of Duncan, Hayfield, and Miller, along with a portion of the Clear Lake. The district provides pre K-12 education to over 970 students with a district population of around 5,500.

METHODOLOGY

The principal methodology used in this rating was US K-12 Public School Districts published in June 2026 and available at https://ratings.moodys.com/rmc-documents/466688. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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