MOODY'S
RATINGS

## Rating Action: Moody's Ratings assigns A3 issuer rating to North Cedar Community School District, IA

26 Oct 2026

New York, October 26, 2026 -- Moody's Ratings (Moody's) has assigned an A3 issuer rating to North Cedar Community School District, IA. We also assigned an A3 to the district's proposed General Obligation School Bonds, Series 2026 with a proposed par amount of about $10 million. At the end of fiscal 2025 (year-end June 30), the district had about $1.7 million in debt outstanding.

RATINGS RATIONALE

The A3 issuer rating balances the district's moderate leverage and solid local economy against its large recent enrollment declines and its very narrow general fund balance. Although the district's available fund balance ratio was about 19% in fiscal 2025, the bulk of that balance was in the management levy and debt service funds, which have a limited set of uses. The general fund balance was only about $100,000 or 1%, after being depleted several years earlier by rising costs.

Although the general fund balance ratio will likely rise to roughly 3% in fiscal 2026 (unaudited) following a $300,000 surplus generated by personnel savings, it will likely fall again in fiscal 2027 as levy capacity is shifted to the debt service fund. The district also has about $3.5 million in its sales tax fund that can be used for capital.

The district is rural; nearly half of the tax base is concentrated in agriculture. The district is poised to transition into a bedroom community given its location, which is a commutable distance to several metro areas. The resident income ratio is 98% and full value per capita is about $170,000. Enrollment has long been on the decline and fell precipitously in recent years with a negative 6% three-year CAGR.

The long-term liabilities and fixed-costs ratios are expected to be about 163% and 10%, respectively, following the current issuance. Additional issuances are likely as part of roughly $19 million in voter authorization. Total project costs are about $22 million to make improvements to both the elementary and high school buildings.

Governance is a key driver of the initial rating with management reporting periodic financial performance meetings to monitor spending and reserve forecasts.

The A3 general obligation unlimited tax bonds are rated at the same level as the issuer rating based on the district's full faith and credit pledge and authorization to levy a dedicated property tax that is unlimited as to rate or amount.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- General fund balance ratio closer to 10%

- A long-term liabilities ratio consistently below 150%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Materially weaker general fund balance or operating results materially worse than budgeted in fiscal 2027

- A long-term liabilities ratio approaching 300%

PROFILE

The North Cedar Community School District spans 209 square miles in eastern Iowa. It serves the communities of Mechanicsville, Stanwood, Clarence and Lowden as well as unincorporated portions of Cedar and Jones counties. About 550 students are enrolled across three school buildings.

METHODOLOGY

The principal methodology used in these ratings 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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At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

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