



Rating Action: Moody's Ratings assigns initial Aa3 issuer and GO ratings to Montezuma Community School District, IA

13 Oct 2026

New York, October 13, 2026 -- Moody's Ratings (Moody's) has assigned an initial Aa3 issuer rating to Montezuma Community School District, IA, and a Aa3 rating to its General Obligation School Bonds, Series 2026, expected to carry a par value of about \$6.3 million. Post-sale, the district will have about \$7.2 million in debt outstanding.

RATINGS RATIONALE

The Aa3 issuer rating reflects the district's strong financial position, with fiscal 2025 (year-end June 30) available fund balance and liquidity ratios equivalent to about 68% and 75% of revenue, respectively. These ratios will soften somewhat in fiscals 2026 and 2027 as the district utilizes accumulated balances for one-time expenditures, but we expect the fund balance ratio to remain above 40% and cash to remain above 50%. The current sale will bring the long-term liabilities and fixed costs ratios to about 160% and 10% of fiscal 2027 budgeted revenue, respectively. The district may issue an additional \$5 million in debt in fiscal 2027, which would bring these ratios closer to 230% and 14%, still comfortably in line with peer medians. These credit strengths are balanced against a nominally small scale of operations compared to peers and a local economy that is concentrated in agriculture, manufacturing and wind energy. Enrollment declined between fiscals 2022 and 2025 but partially rebounded in fiscal 2026. Preliminary data for fiscal 2027 shows stability.

Governance is a key driver of this initial rating action. The district benefits from solid financial management, including multi-year forecasting and monthly variance reporting.

The Aa3 GOULT rating is the same 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 outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Diversification of the economic base and resident income ratio approaching 120%
- Significant growth in enrollment and scale of operations
- Long-term liabilities ratio consistently below 100%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Available fund balance ratio consistently below 40%
- Long-term liabilities ratio in excess of 250%

PROFILE

Montezuma Community School District is located in southeastern Iowa, about an hour east of Des Moines, and serves the City of Montezuma and some unincorporated portions of Poweshiek County. The district provides PreK through 12th grade education to about 475 students in a community of over 3,000.

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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Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

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

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.

Please see <https://ratings.moodys.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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