



Rating Action: Moody's Ratings assigns Aa2 to Dallas Center-Grimes Community S.D., IA's GO bonds

20 Nov 2025

New York, November 20, 2025 -- Moody's Ratings (Moody's) has assigned an Aa2 rating to Dallas Center-Grimes Community School District, IA's General Obligation School Bonds, Series 2025 with a proposed par amount of roughly \$14 million. We maintain the district's Aa2 issuer rating and the Aa2 ratings on the district's outstanding general obligation unlimited tax (GOULT) debt. Inclusive of the current sale, the district is expected to have near \$80 million of debt outstanding.

RATINGS RATIONALE

The district's Aa2 issuer rating reflects its robust financial position with a high resident income ratio of over 145% and full value per capita above \$200,000, supported by its proximity to employment opportunities in the Des Moines metro area. Enrollment increased at a three-year CAGR of 0.9% and will likely continue to grow given local population growth. Leverage will increase to be closer to 300% of fiscal 2025 (year-end June 30) operating revenue as the district issues debt over the next few years as authorized in a recent referendum of up to \$88 million.

The district will likely maintain solid reserves despite a projected decline in fiscal 2026. The fiscal 2026 budget projects a decline in general fund balance closer to \$7.5 million, near 15% of revenue. The combined available fund balance across the general fund, management levy fund and debt service fund was over \$30 million in fiscal 2025, above 50% of revenue inclusive of reserves held in the debt service fund that will be used to redeem a portion of the district's outstanding bonds in advance of maturity.

The district's GOULT bonds are rated Aa2, 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 RATING

- Continued economic growth that leads to strengthening of the full value per capita or resident income levels
- Moderation of long-term liabilities ratio under 150% coupled with maintenance of available general fund balance ratio well above 25%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Decline in the general fund balance below 15% of revenue, or persistent significant declines in the overall available fund balance
- Sustained increase in long-term liabilities ratio above 300%

PROFILE

Dallas Center-Grimes Community School District in central Iowa in the Des Moines metropolitan area in Dallas County and Polk County. The district is comprised of the cities of Dallas Center, Grimes, and a portion of the City of Urbandale. The district serves a population of around 15,000 residents, providing educational programs

for more than 3,500 students in prekindergarten through the twelfth grade.

METHODOLOGY

The principal methodology used in this rating was US K-12 Public School Districts published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425431>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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Jennifer Bernhardt
Lead Analyst

Gera McGuire
Additional Contact

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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