

Research Update:

# Linn-Mar Community School District, IA GO Outlook Revised To Stable From Negative On Improved Operating Performance

May 4, 2026

## Overview

- S&P Global Ratings revised its outlook to stable from negative and affirmed its 'A+' rating on [Linn-Mar Community School District](#), Iowa's general obligation (GO) debt outstanding.
- At the same time, we assigned our 'A+' rating to the district's anticipated \$29.5 million series 2026 GO school capital loan notes.
- The outlook revision reflects our view of improved operating performance on a sustainable basis given enacted budget cuts and use of the cash reserve levy, which we expect will result in improved reserves that will support the rating.

## Rationale

### Security

The notes are secured by the district's unlimited-tax GO pledge. The notes are payable from a 10-year physical plant and equipment levy approved by voters of up to \$1.34 per \$1,000 of assessed valuation, which ends on June 30, 2035, after the notes' final maturity. If, however, the amount from this levy is insufficient to pay principal and interest on the series 2026 notes, the district is required to levy an unlimited ad valorem property tax to pay the deficiency. The notes will finance various athletic additions and renovations at the district's high school.

### Credit highlights

The 'A+' rating reflects our view of strengthening reserves to credit-supportive levels after spending cuts and use of the district's cash reserve levy, and strengths of the local economy, offset by ongoing enrollment declines due to competition from neighboring school districts, private schools, and new charter schools.

The district sustained a period of deficit spending related to enrollment losses, increasing expenditures outpacing state aid growth, and salaries and benefit increases. To combat increasing costs, the district cut \$3 million in expenditures in fiscal 2024 and \$2.3 million in fiscal 2025, resulting in a larger-than-budgeted surplus of \$3.1 million in fiscal 2025, or 3% of operating

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revenue. Expenditure reductions include reduction-in-force measures and offers of early retirement packages.

The district used roughly \$9.2 million of about \$14.6 million in its cash reserve levy in 2025 and levied \$10.3 million of \$14.5 million available for fiscal 2026. Officials anticipate a surplus of \$4.4 million in fiscal 2026, or about 4% of operating revenue, leading to an ending available reserve of \$14 million, or 13% of operating revenue. For fiscal 2027, officials anticipate at least balanced results. While we expect reserves to remain thin as a percentage of budget relative to higher-rated peers, we view operations as structurally balanced.

Credit fundamentals further supporting the 'A+' rating include the following:

- The tax base is stable, broad, and diverse with modest population growth. The district is located just 10 miles north of Cedar Rapids, an arts and cultural hub, and residential development is ongoing.
- Finances are stable after several years of drawdowns, supported by budget adjustments and use of the district's cash reserve levy.
- Management practices support financial stability, including monthly budget-to-actual and investment reporting shared with the board, maintenance of a long-term capital plan updated every few years, and a long-term financial plan updated at least annually, as well as formal investment, debt, and reserve policies. Its reserve policy is to maintain a combined unassigned and assigned general fund balance equal to at least 7% of annual revenue (actual or anticipated). The district maintains cyber practices and policies that mitigate risk.
- Debt is relatively high with costs we expect to remain affordable, albeit high relative to those of peers. The district plans to issue \$26 million in sales tax bonds in the next year for further renovations, which would not materially weaken our view of the district's debt profile. We expect costs for debt and liabilities will weaken slightly but remain below 20% of total governmental fund revenue. The district has one series of private placement debt with no events or remedies of default that we believe introduce liquidity risk. The district's pension liability is reasonably well funded.
- For more information on our institutional framework assessment for Iowa school districts, see "[Institutional Framework Assessment: Iowa Local Governments](#)," Sept. 9, 2024.

## **Environmental, social, and governance**

The district's physical environmental risk is elevated given a history of flooding, though we note the nearby city of Cedar Rapids is working over the next decade to improve its levee system. A severe derecho in 2020 damaged many buildings, negatively affecting the district's enrollment and therefore its finances. However, most of the derecho-related expenses were reimbursed by the Federal Emergency Management Agency or through insurance. We view the district's social and governance factors as neutral in our credit analysis.

## **Outlook**

The stable outlook reflects our view of the district's ongoing budgetary adjustments in response to declining enrollment, which we expect will support financial stability through the two-year outlook period.

## **Downside scenario**

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We could take a negative rating action if the district is unable to maintain balanced operations to offset enrollment declines, leading to a material decrease in reserves.

### Upside scenario

We could take a positive rating action if enrollment stabilizes and reserves materially increase relative to operating revenues on a sustained basis.

### Linn-Mar Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.35
Economy	1.5
Financial performance	3
Reserves and liquidity	2
Management	2.00
Debt and liabilities	3.25

### Linn-Mar Community School District, Iowa --key credit metrics

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita % of U.S.	112	--	112	113
County PCPI % of U.S.	91	--	91	91
Market value (\$000s)	5,397,665	5,299,753	4,398,173	4,281,065
Market value per capita (\$)	123,579	121,337	100,695	98,433
Top 10 taxpayers % of taxable value	6.1	6.4	--	7.6
County unemployment rate (%)	3.6	3.6	3.4	3.3
Local median household EBI % of U.S.	112	--	112	109
Local per capita EBI % of U.S.	104	--	104	99
Local population	43,678	--	43,678	43,492
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	106,656	104,708	99,803
Operating fund expenditures (\$000s)	--	103,556	104,736	105,032
Net transfers and other adjustments (\$000s)	--	3	50	(14)
Operating result (\$000s)	--	3,103	22	(5,243)
Operating result % of revenues	--	2.9	--	(5.3)
Operating result three-year average %	--	(0.8)	(2.3)	(1.3)
Enrollment	--	7,205	7,306	7,443
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	9.2	6.1	6.4
Available reserves (\$000s)	--	9,853	6,387	6,403
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	11.0	11.6	9.8
Net direct debt per capita (\$)	3,523	2,847	2,841	2,697
Net direct debt (\$000s)	153,898	124,353	124,110	117,309

**Linn-Mar Community School District, Iowa --key credit metrics**

	Most recent	2025	2024	2023
Direct debt 10-year amortization (%)	78	73	70	--
Pension and OPEB cost % of revenues	--	5.0	5.0	5.0
NPLs per capita (\$)	--	618	618	811
Combined NPLs (\$000s)	--	27,014	27,014	35,267

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

**Ratings List**

**New Issue Ratings**

US\$29.545 mil GO sch cap loan nts ser 2026 due 6/1/2035

Long Term Rating A+/Stable

**Outlook Action**

	To	From
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**Local Government**

Linn-Mar Comnty Sch Dist, IA Unlimited Tax General Obligation	A+/Stable	A+/Negative
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The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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