

Research Update:

# Gladbrook-Reinbeck Community School District, IA Series 2026 GO Bonds Rated 'A'; Outlook Stable

April 17, 2026

## Overview

- S&P Global Ratings assigned its 'A' rating to [Gladbrook-Reinbeck Community School District](#) (CSD), Iowa's anticipated \$10 million series 2026 general obligation (GO) school bonds.
- The outlook is stable.

## Rationale

### Security

The district's unlimited-tax GO pledge secures the bonds. The series 2026 bonds are the first issuance of a total \$17.3 million of voter-approved debt for school facility improvements. The second part of the voter-approved issuance will be issued in either 2027 or 2028.

Series 2026 proceeds will finance renovations to the school building.

### Credit highlights

The rating reflects our view of the district's mixed operating performance over the last four years, along with management's demonstrated willingness to utilize the cash reserve levy that enables the district (with board approval) to raise an additional property tax levy to rebuild reserves. The rating also incorporates the district's elevated debt and liability profile, slimmer reserve position, and weaker economic output metrics. After a trend of breakeven results, the district has posted deficits for the last two fiscal years that it attributes to rising costs from salary increases. We expect that continued negative operating results in fiscal year 2026 will lead to a further decrease in unassigned fund balance, as projected in the district's adopted budget. However, we also expect that the district will increase the cash reserve levy in fiscal 2027 and beyond, which would provide additional revenues sufficient to begin rebuilding reserves. The district projects surpluses in 2027 through 2029, building reserves to more than \$1.5 million in fiscal 2028 and \$2 million in fiscal 2029. The district has no plans to spend down reserves for capital purposes. If the district's financial trajectory does not improve as expected following fiscal year 2026, we would likely lower the rating.

Fiscal 2025 general fund results show a \$262,000 deficit, representing 2.8% of operating revenue. The district has budgeted for a modest general fund deficit in fiscal 2026, and plans to

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use accumulated fund balance, reducing it to approximately \$750,000 from \$1.2 million, to cover teacher salary increases in 2025 and 2026. Management forecasts final results may exceed budgetary expectations, citing a history of positive budget performance. Furthermore, enrollment unexpectedly increased by about 40 students in fiscal 2026. We anticipate this will generate additional state funding and will temper the pressure on the rating.

The district plans to issue the second half (\$7.3 million) of the voter-approved debt issuance in either 2027 or 2028 to complete the school building renovations, and we have incorporated the new debt into our analysis as well. The district has no future debt plans after the second issuance.

The rating further reflects our view of the following factors:

- The stable but limited agriculture-based economy benefits from its proximity to Waterloo and Cedar Rapids, yet is exposed to economic volatility given its reliance on the agriculture and construction industries.
- Financial performance has been volatile in recent years. The district reported deficits in fiscal years 2024 and 2025 from salary increases that exceeded initial projections. We anticipate a continued deficit in fiscal 2026 followed by a return to surplus in 2027. The district expects the plan to utilize the cash reserve levy will strengthen its financial position.
- The district's reserves are healthy on a percentage basis but are very nominally thin, and general fund reserves dropped below \$1 million in 2025. We anticipate improvement beginning in 2027 as the district uses the cash reserve levy. Management projects reserves will increase to more than \$1.5 million in 2028 and \$2 million in 2029.
- Strong management practices are evident in the district's development of annual budgets, long-term forecasts, and tax rate projections. We believe the detailed financial plan, along with positive budget-to-actual variances, demonstrates management's solid track record and supports our expectations that the district will attain surplus financial results by utilizing the cash reserve levy. While the district currently lacks a formal debt policy or a dedicated reserve policy, it follows investment policies consistent with guidelines established by the state. The district is taking steps to mitigate cyber risks.
- With the current and future expected issuances, debt metrics are elevated relative to those of peers. However, the state pension system is well funded, mitigating long-term fixed cost pressures.
- For information on our institutional framework assessment for Iowa school districts, see "[Institutional Framework Assessment: Iowa Local Governments](#)," Sept. 9, 2024.

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

We have analyzed the district's environmental, social, and governance (ESG) factors and view them as neutral in our credit analysis.

## **Outlook**

The stable outlook reflects our view that, while recent performance has been volatile, the implementation of the cash reserve levy and budget right-sizing plans will help stabilize finances during the outlook horizon.

## **Downside scenario**

We could lower the rating if reserve levels fall below current expectations, if deficits extend beyond fiscal 2026, or if the district experiences enrollment changes that dampen state funding and operating performance.

## Upside scenario

We could take a positive rating action if economic metrics strengthen to a level comparable with that of higher-rated peers, coupled with sustained improvements in financial and debt profile metrics.

### Gladbrook-Reinbeck Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	3.51
Economy	5.5
Financial performance	3
Reserves and liquidity	4
Management	2.30
Debt and liabilities	2.75

### Gladbrook-Reinbeck Community School District, Iowa--key credit metrics

	Most recent	2025	2024	2023
<b>Economy</b>				
Real GCP per capita % of U.S.	64	--	64	67
County PCPI % of U.S.	89	--	89	93
Market value (\$000s)	677,086	674,395	573,202	558,879
Market value per capita (\$)	171,501	170,819	145,188	141,920
Top 10 taxpayers % of taxable value	14.1	14.9	14.1	14.1
County unemployment rate (%)	3.0	3.0	2.9	2.6
Local median household EBI % of U.S.	107	--	107	106
Local per capita EBI % of U.S.	104	--	104	106
Local population	3,948	--	3,948	3,938
<b>Financial performance</b>				
Operating fund revenues (\$000s)	--	9,322	8,470	8,129
Operating fund expenditures (\$000s)	--	9,584	8,643	7,999
Net transfers and other adjustments (\$000s)	--	--	(27)	(11)
Operating result (\$000s)	--	(262)	(200)	119
Operating result % of revenues	--	(2.8)	(2.4)	1.5
Operating result three-year average %	--	(1.2)	(1.1)	(0.1)
Enrollment	--	484	456	467
<b>Reserves and liquidity</b>				
Available reserves % of operating revenues	--	9.5	13.8	17.6
Available reserves (\$000s)	--	888	1,171	1,434
<b>Debt and liabilities</b>				
Debt service cost % of revenues	--	0.7	1.6	1.4

**Gladbrook-Reinbeck Community School District, Iowa--key credit metrics**

	Most recent	2025	2024	2023
Net direct debt per capita (\$)	4,801	4,523	19	58
Net direct debt (\$000s)	18,956	17,856	74	229
Direct debt 10-year amortization (%)	39	20	100	100
Pension and OPEB cost % of revenues	--	4.0	4.0	4.0
NPLs per capita (\$)	--	395	395	488
Combined NPLs (\$000s)	--	1,560	1,560	1,920

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\$10,000,000 Gladbrook-Reinbeck Community School District, Iowa, General Obligation School Bonds, Series 2026, dated: Date of Delivery, due: June 1, 2046

Long Term Rating A/Stable

**New Rating**

**Local Government**

Gladbrook-Reinbeck Comnty Sch Dist, IA Unlimited Tax General Obligation A/Stable

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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