S&P Global Ratings

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Research Update:

Jonesboro Independent School District, TX Series 2026 Unlimited-Tax School Building Bonds Rated 'A'; Outlook Stable

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Overview

- S&P Global Ratings assigned its 'AAA' long-term rating (based on credit enhancement) and 'A' underlying rating to Jonesboro Independent School District, Texas' estimated $9 million series 2026 unlimited tax school building bonds.
- The outlook is stable.

Rationale

Security

The bonds are secured by revenue from ad valorem taxes levied annually against all taxable property in the district, without limitation as to rate or amount. Proceeds from the series 2026 bonds will be used for the construction, acquisition, and renovation of school facilities and to pay the cost of issuance.

The 'AAA' long-term rating reflects our view of Jonesboro ISD's eligibility for, and participation in, the Texas Permanent School Fund bond guarantee program. For more information on the program rating, see "Texas Permanent School Fund Bond Guarantee Program Rating Affirmed At 'AAA'," Aug. 27, 2025.

Credit highlights

The rating reflects the district's historically strong operating performance and a robust reserve position that, as a percentage of annual revenues, exceeds those of similarly rated state and national peers. Tempering these credit strengths are the district's below-average economic metrics relative to those of similarly rated peers and weaker nominal reserve balance compared with those of higher rated peers.

Following more than a decade of consistent operating surpluses, the district reported a deficit in fiscal 2025, primarily driven by an intentional drawdown of fund balance to finance a new gymnasium. The adopted budget for fiscal 2026 projects a deficit of approximately 4% of revenue with reserves decreasing to about 50% of revenue ($2.8 million nominally). While management expects another intentional draw this year to cover remaining capital costs related to the gymnasium project, they anticipate outperforming original baselines due to conservative budget assumptions. Following the completion of this one-time capital project, management expects a return to positive operations moving forward. The district plans to adopt a near-balanced budget for fiscal 2027, though they expect to realize a stronger surplus than projected due to conservative assumptions. Given the district's history of strong operating performance, conservative budget assumptions, and stable enrollment, we expect a return to healthy operating surpluses starting in fiscal 2027, which we believe will support the maintenance of a favorable reserve position relative to the district's budget size.

For more information on our Texas school ratings, see "U.S. Local Governments Credit Brief: Texas School Districts Means And Medians," Feb. 24, 2026.

The rating further reflects our assessment of the following factors:

- The limited and rural nature of the district's local economy, with below-average economic output and per capita personal income metrics relative to national levels and elevated taxpayer concentration due to the presence of major energy pipelines. However, the district's local income metrics are above average relative to national and county baselines. Moving forward, management anticipates continued tax base growth, supported by ongoing residential development and the anticipated near-term completion of a mineral pipeline.
- Historically positive operating performance, which has supported growth in its robust available reserve position relative to its budget size. The district utilized reserves in fiscal 2025 to fund a one-time capital project and following the project's anticipated completion in fiscal 2026, management anticipates surplus operations will continue and support growth in available reserves.
- Budgeting practices include conservative assumptions with at least annual budget-to-actual reporting to its board. The district maintains an informal reserve target of at least three months of operating expenditures; however, it lacks formal long-term financial or capital planning and formal policies for investment management, debt management and reserves. We view the district's cyber risk mitigation measures as consistent with our view of its credit fundamentals.
- Increasing debt burden with manageable costs and an elevated net direct debt relative to its population compared with those of similarly rated peers. However, given the size of its tax base relative to outstanding debt and pension liabilities (6%), we view long-term liabilities as manageable. District officials indicate there are no medium-term plans for additional issuance. We do not consider its pension and other postemployment benefits liabilities as a medium-term source of budgetary pressure.
- For more information on our institutional framework assessment for Texas school districts, see "Institutional Framework Assessment: Texas Local Governments," Sept. 9, 2024.

Outlook

The stable outlook reflects our expectation that the district will intentionally draw on reserves in fiscal 2026 but maintain its robust reserve position relative to its budget size, supported by its historical trend of fiscal stability.

Downside scenario

We could lower the rating if the district develops what we consider a structural imbalance, leading to significant draws on available reserves, without a credible plan in place to rebuild them.

Upside scenario

All else being equal, we could raise the rating if the district's economic metrics and nominal reserve position were to strengthen to levels comparable with those of higher rated peers.

Jonesboro Independent School District, Texas--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.80
Economy	6.0
Financial performance	1
Reserves and liquidity	1
Management	3.00
Debt and liabilities	3.00

Jonesboro Independent School District, Texas--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	30	--	30	30
County PCPI % of U.S.	57	--	57	56
Market value ($000s)	179,401	173,235	156,273	151,475
Market value per capita ($)	136,219	131,538	120,954	119,460
Top 10 taxpayers % of taxable value	29.2	--	--	--
County unemployment rate (%)	4.5	4.7	4.5	4.4
Local median household EBI % of U.S.	103	103	98	106
Local per capita EBI % of U.S.	109	109	95	97
Local population	1,317	1,317	1,292	1,268
Financial performance				
Operating fund revenues ($000s)	--	5,232	4,689	4,425
Operating fund expenditures ($000s)	--	6,047	4,497	4,285
Net transfers and other adjustments ($000s)	--	(21)	--	552
Operating result ($000s)	--	(836)	192	692
Operating result % of revenues	--	(16.0)	4.1	15.6
Operating result three-year average %	--	1.3	15.1	--
Enrollment	--	325	325	325
Reserves and liquidity				
Available reserves % of operating revenues	--	90.1	118.3	121.1
Available reserves ($000s)	--	4,713	5,545	5,359
Debt and liabilities				
Debt service cost % of revenues	--	1.9	9.6	3.4
Net direct debt per capita ($)	7,270	175	270	692

Jonesboro Independent School District, Texas--key credit metrics

	Most recent	2025	2024	2023
Net direct debt ($000s)	9,574	231	349	877
Direct debt 10-year amortization (%)	22	100	100	100
Pension and OPEB cost % of revenues	--	1.0	2.0	2.0
NPLs per capita ($)	--	670	683	699
Combined NPLs ($000s)	--	883	883	887

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$9,000,000 Jonesboro Independent School District, Texas, Unlimited Tax School Building Bonds, Series 2026, dated: September 1, 2026, due: August 15, 2056	
Long Term Rating	AAA/Stable
Underlying Rating for Credit Program	A/Stable
New Rating	
Local Government	
Jonesboro Independent School District, TX Texas Permanent School Fund Program	AAA/Stable
Jonesboro Independent School District, TX 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.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.