

Research Update:

Marshalltown Community School District, IA Series 2026B GO School Bonds Assigned 'A' Rating

May 14, 2026

Overview

- S&P Global Ratings assigned its 'A' rating to [Marshalltown Community School District](#), Iowa's anticipated \$29.1 million series 2026B general obligation (GO) school bonds.
- The outlook is stable.

Rationale

Security

The bonds are secured by the district's unlimited-tax GO pledge. Bond proceeds will finance renovations of an existing building.

Credit highlights

The 'A' rating reflects our view of the district's stable population and enrollment trends, offset by a limited local economy, with thinning reserves that we expect will rebound in fiscal 2027 and beyond following enacted budget reductions and use of its cash reserve levy.

The district is within a period of deficit spending related to fully filling vacant positions, particularly in special education; managing one-time curriculum needs after depletion of COVID-related federal relief funding; and salaries and benefit increases. Officials anticipate another sizable deficit in fiscal 2026, resulting in an ending fund balance of about \$3.2 million, or 5% of operating revenue. To offset increasing costs, the district cut \$2 million in expenditures in fiscal 2027 and is levying \$3 million in cash reserves (of the \$7 million allowable amount). Officials expect to build reserves back to 8% of operating revenue at fiscal year-end 2027 and then maintain them around 10% in future years, which we view as attainable and credit supportive.

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

- The tax base is stable, large, and diverse albeit with below-average gross county product and county per capita personal incomes. The district is in central Iowa, roughly 60 miles northeast of Des Moines. Officials report ongoing downtown redevelopment and housing project interest.

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- Finances have deteriorated after three years of deficit spending through fiscal 2026; however, we anticipate that enacted budget reductions and use of the cash reserve levy will put available reserves on more sustainable footing that will be credit supportive.
- Management practices support our view of attainable financial stability, including monthly budget-to-actual and investment reporting shared with the board, maintenance of a robust long-term and rolling five-year financial plan, 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 8% to 10% of annual revenue, which it will be temporarily out of compliance with at fiscal year-end 2026. The district maintains cyber practices and policies that mitigate risk.
- Debt is relatively high, with costs we expect to remain affordable. The district plans to issue \$30 million in sales tax bonds in the next year for further renovations and \$23 million in additional GO debt in 2029. We expect costs for debt and liabilities will weaken slightly but remain below 20% of total governmental fund revenue. The district has three 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," Sept. 9, 2024.

Environmental, social, and governance

We view the district's environmental, social, and governance factors as neutral in our credit analysis.

Outlook

The stable outlook reflects our expectation that the district's ongoing budgetary adjustments will support a return to financial stability through the two-year outlook period.

Downside scenario

We could take a negative rating action if the district is unable to maintain at least balanced operations in fiscal 2027 and beyond, leading to a decrease in reserves beyond current expectations.

Upside scenario

We could take a positive rating action if reserves materially increase relative to operating revenues on a sustained basis, and if the district's local economy and debt profile improve.

Marshalltown Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	3.67
Economy	5.5
Financial performance	4
Reserves and liquidity	3
Management	2.35
Debt and liabilities	3.50

Marshalltown Community School District, Iowa--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	63	--	63	65
County PCPI % of U.S.	71	--	71	71
Market value (\$000s)	2,667,702	2,665,448	2,273,630	2,233,357
Market value per capita (\$)	88,058	87,983	75,050	73,982
Top 10 taxpayers % of taxable value	13.6	21.2	--	11.0
County unemployment rate (%)	5.9	6.0	5.7	5.7
Local median household EBI % of U.S.	93	--	93	89
Local per capita EBI % of U.S.	79	--	79	75
Local population	30,295	--	30,295	30,188
Financial performance				
Operating fund revenues (\$000s)	--	72,677	73,387	71,636
Operating fund expenditures (\$000s)	--	80,062	75,169	68,309
Net transfers and other adjustments (\$000s)	--	1	(768)	(45)
Operating result (\$000s)	--	(7,384)	(2,550)	3,282
Operating result % of revenues	--	(10.2)	(3.5)	4.6
Operating result three-year average %	--	(3.0)	2.5	6.2
Enrollment	--	4,961	4,923	4,854
Reserves and liquidity				
Available reserves % of operating revenues	--	12.1	21.8	25.3
Available reserves (\$000s)	--	8,813	16,021	18,130
Debt and liabilities				
Debt service cost % of revenues	--	9.8	6.0	6.2
Net direct debt per capita (\$)	2,802	1,722	933	668
Net direct debt (\$000s)	84,893	52,167	28,263	20,174
Direct debt 10-year amortization (%)	51	52	100	--
Pension and OPEB cost % of revenues	--	5.0	5.0	4.0
NPLs per capita (\$)	--	563	563	679
Combined NPLs (\$000s)	--	17,056	17,056	20,502

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\$29,100,000 Marshalltown Community School District, Iowa, General Obligation School Bonds, Series 2026B, dated:
Date of Delivery, due: June 1, 2046

Long Term Rating A/Stable

New Rating

Local Government

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Ratings List

Marshalltown Comnty Sch Dist, IA Unlimited Tax General Obligation	A/Stable
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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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