

Research Update:

Martensdale-St. Marys Community School District, IA Series 2026 GO Bonds Rated 'A+'; Outlook Stable

June 8, 2026

Overview

- S&P Global Ratings assigned its 'A+' long-term rating to **Martensdale-St. Marys Community School District** (CSD), Iowa's \$7.63 million series 2026 general obligation (GO) bonds.
- At the same time, we affirmed our 'A+' underlying rating (SPUR) and long-term rating on the district's existing GO debt.
- The outlook is stable.

Rationale

Security

The district's unlimited ad valorem property tax pledge secures the series 2026 GO bonds. The bond proceeds, along with a previous \$7.5 million issuance and a planned \$850,000 GO issuance of remaining voter authorization, will fund HVAC improvements, a north-side addition, a new gymnasium, parking lot upgrades, and furniture for new and existing spaces

Credit highlights

The district's finances are well managed, with healthy surpluses and reserves, and the local economy benefits from its proximity to Des Moines, supporting above-average income levels, population growth, and stable served enrollment. Key factors limiting the rating are higher debt metrics relative to those of similarly rated peers and the small local population, which we have observed can lead to a greater likelihood of credit deterioration for such local governments in times of credit stress.

The fiscal 2025 result outperformed management's expectation of a \$175,000 deficit (2% of operating revenue) during our last full review. Management primarily attributes this stronger result to a mid-year increase in open enrollment in and a decrease in operating expenditures. The district expects the fiscal 2026 operating result will be a slight \$50,000 surplus, essentially breakeven, and that the fiscal 2027 result will be in line with the slight budgeted \$52,000 deficit due to recent declines in certified enrollment.

Served enrollment, unlike certified enrollment, accounts for open enrollment, and both play a role in school funding. The district's served enrollment has been stable overall in the past five

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years, which management attributes to greater demand for open enrolling in since the district switched to a four-day school week, more aggressive marketing, and a reduction in students open enrolling out, offsetting declines in certified enrollment. This year's kindergarten class was about 20 students larger than the senior class, and management reports preschool classes are at capacity for next school year and kindergarten classes. We expect these factors could lead to continued stability in the served count, at least in the near term.

Management expects reserves will decline over the next few years, dropping no lower than 10%, due to an inability to use the cash reserve levy given reserves exceed 20%, and due to declining certified enrollment. The district will resume using the cash reserve levy once it is available (two years after reserves drop below 20% of expenditures). The district has a demonstrated track record of making use of the levy. We expect sound management practices, served enrollment stability supported by local population growth and open enrollment, and the district's willingness to raise revenue will support a healthy financial profile.

The rating further reflects our view of the district's:

- Growing local population (8% increase in the past 10 years) 20 miles south of the Des Moines metropolitan area, with local income levels are significantly above county levels, which we view as a credit strength.
- Finances that we expect will remain aligned with the rating despite potential fluctuations due to a near-term inability to use the cash reserve levy. Our assessment of reserves reflects that reserves could drop below \$2 million, a threshold that we consider nominally low.
- Sound management framework, highlighted by the use of a five-year financial forecast to inform budgeting, monthly budget-to-actual reporting to the board, a 10-year capital improvement plan with funding sources identified, investment and debt policies, and a 7%-17% fund balance policy. The district is taking steps to mitigate cyberrisk.
- Relatively elevated, although manageable for the local tax base, debt per capita, with fixed costs of debt and liabilities that could increase to around 16% of total governmental fund revenue due to recent issuances, which we have factored in our analysis. We do not expect the issuance of the remaining \$820,000 in voter-authorized GO debt will materially affect the debt metrics. The district has one series of private placement debt with no nonstandard events of default or acceleration provisions. Pensions are well funded and costs are manageable.
- 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

Environmental, social, and governance factors are neutral in our credit analysis.

Outlook

The stable outlook reflects our view that the district's stable served enrollment and well-managed finances will likely continue to support rating stability through at least the two-year outlook period despite management's expectations of near-term reserve draws.

Downside scenario

We could take a negative rating action if finances and reserves weaken materially to levels that are no longer comparable with the current rating level without a credible plan for timely replenishment.

Upside scenario

While unlikely during the outlook period, we could take a positive rating action over time if the local economy expands materially, reserves increase, and debt metrics moderate.

Martensdale-St. Marys Community School District, Iowa--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.70
Economy	3.0
Financial performance	2
Reserves and liquidity	3
Management	2.00
Debt and liabilities	3.50

Martensdale-St. Marys Community School District, Iowa--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	37	--	37	38
County PCPI % of U.S.	91	--	91	92
Market value (\$000s)	559,872	457,584	353,688	344,940
Market value per capita (\$)	177,794	145,311	112,318	110,664
Top 10 taxpayers % of taxable value	5.6	4.9	--	--
County unemployment rate (%)	3.0	3.0	2.7	2.7
Local median household EBI % of U.S.	136	--	136	128
Local per capita EBI % of U.S.	131	--	131	127
Local population	3,149	--	3,149	3,117
Financial performance				
Operating fund revenues (\$000s)	--	8,086	8,047	7,685
Operating fund expenditures (\$000s)	--	7,734	7,335	7,381
Net transfers and other adjustments (\$000s)	--	(1)	(68)	(8)
Operating result (\$000s)	--	351	644	296
Operating result % of revenues	--	4.3	8.0	3.9
Operating result three-year average %	--	5.4	5.5	3.9
Enrollment	520	497	513	542
Reserves and liquidity				
Available reserves % of operating revenues	--	28.9	25.4	19.3
Available reserves (\$000s)	--	2,337	2,041	1,483
Debt and liabilities				
Debt service cost % of revenues	--	3.2	3.6	3.7
Net direct debt per capita (\$)	5,643	3,513	416	553

Martensdale-St. Marys Community School District, Iowa--key credit metrics

	Most recent	2025	2024	2023
Net direct debt (\$000s)	17,770	11,064	1,309	1,723
Direct debt 10-year amortization (%)	38	46	100	100
Pension and OPEB cost % of revenues	--	4.0	4.0	4.0
NPLs per capita (\$)	--	516	516	664
Combined NPLs (\$000s)	--	1,625	1,625	2,070

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\$7,630,000 Martensdale-St. Marys Community School District, Iowa, General Obligation School Bonds, Series 2026, dated: Date of Delivery, due: June 1, 2046

Long Term Rating A+/Stable

Ratings Affirmed

Local Government

Martensdale-St. Marys 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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