ADDENDUM #1

Date of Addendum: August 20, 2026

Addendum to Preliminary Official Statement
Dated: August 18, 2026

$5,210,000*
Monticello Community School District, Iowa
General Obligation School Bonds Series 2026

S&P Global Ratings has assigned the underlying rating of "A+" to the above-mentioned Bonds. The rating report is attached.

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* Preliminary, subject to change

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Research Update:

Monticello Community School District, IA Series 2026 GO School Bonds Assigned 'A+' Rating; Outlook Is Stable

August 20, 2026

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Overview

- S&P Global Ratings assigned its 'A+' long-term rating to Monticello Community School District, Iowa's anticipated $5.2 million series 2026 general obligation (GO) school bonds.
- The outlook is stable.

Rationale

Security

The series 2026 GO bonds are secured by the district's unlimited ad valorem tax GO pledge. Proceeds will be used to fund the construction of a new elementary school.

Credit highlights

The rating reflects the district's stable local economy, well-managed finances, and prudent management policies and practices. Offsetting these strengths are its below-average gross county product per capita and debt that we expect will increase to an elevated, although manageable, level due to future issuance plans.

Declining enrollment and adjustments to staffing have resulted in fluctuating financial performance for the district. After deficits in fiscals 2022 and 2023 due to increased teacher salaries and the unavailability of the cash reserve levy, the district was able to realize consecutive surpluses in both fiscals 2024 and 2025. This was largely attributable to management's close monitoring of expenses and alleviating increased personnel costs through changes in its health insurance and salary schedule, along with the availability of the cash reserve levy. In fiscal 2025, the district realized a surplus of about $405,000 or 3% of general fund revenue. The district projects ending fiscal 2026 with a surplus of $100,000-$150,000 and expects a similar result for fiscal 2027, as a result of its cost management efforts and conservative budgeting practices.

The district anticipates issuing an additional $15 million in sales tax bonds by the end of fiscal 2026, a portion of which will refund the outstanding sales tax bonds. Although this issuance will increase the district's net direct debt per capita, we believe the debt burden will remain manageable and within rating thresholds, supported by the absence of significant future capital needs beyond these planned issuances and local income and market value metrics that compare favorably with those of similarly rated school districts. We also note a substantial portion of the district's debt will be secured by a statewide 1% sales tax, distributing the tax burden across a broader population.

The rating further reflects our view of the following:

- A limited local economy with gross county product per capita below the national average, offset by local income levels that are on par with the nation.
- Management's expectation of positive financial performance during the next few fiscal years due to the use of its cash reserve levy, strengthening the district's thin available reserve balance.
- Financial policies and practices that support fiscal planning. This is highlighted by robust five-year financial forecasting that is updated monthly, monthly budget-to-actual reporting, 10-year capital equipment planning with limited detail, investment and debt policies consistent with statutory requirements, and formal solvency ratio targets of 10%-15% that it has been compliant with. The district's cybersecurity practices mitigate risk.
- An elevated but manageable debt and liabilities profile accounts for the district's additional planned issuances. We expect fixed costs could increase to just under 20% of total governmental fund revenue with these issuances. 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.

Outlook

The stable outlook reflects our expectation that the district's sound financial management will continue to underpin its operations, offsetting the effects of its elevated debt profile.

Downside scenario

We could take a negative rating action if the district issues debt that exceeds anticipated levels or demonstrates a sustained inability to achieve projected financial stability.

Upside scenario

We could raise the rating if the local tax base expands substantially, supporting improved wealth and income that we consider commensurate with those of higher-rated peers, coupled with enrollment stabilization that supports more-predictable state revenue and moderation in debt levels.

Ratings List	
New Issue Ratings	
US$5,210,000 Monticello Community School District, Iowa, General Obligation School Bonds, Series 2026, dated: Date of Delivery, due: May 1, 2046	
Long Term Rating	A+/Stable

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.