



Ames[™]
community school district

**Addendum to Preliminary Official Statement
\$10,000,000***

**Ames Community School District, Iowa
School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2020A
(Qualified 501(c)(3) Bonds)**

(The Issuer will designate the Bonds as Bank-Qualified as described in more detail herein)
(Book Entry Only)
(PARITY© Bidding Available)
(FAST closing)

DATE: Monday, September 28, 2020
TIME: 1:00 PM

Standard & Poor's Rating: "A+"

* preliminary, subject to change

PIPER | SANDLER

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Under “Certain Bondholders Risks” starting on page 1 of the Preliminary Official Statement, the following is added to that section

General Fund Balance

School districts in Iowa can only levy for cash reserves if a school district’s most recently audited total (committed plus uncommitted) General Fund balance falls below 20% of expenditures. The District’s balance was above this level at the end of fiscal years 2012 through 2014, so it could not levy for cash reserves in fiscal years 2014 through 2016. The District’s General Fund balance on June 30, 2015 was \$8.192M, which was 16.87% of expenditures. As of June 30, 2017 the District’s General Fund balance decreased to \$3.563M, or 6.79% of expenditures. As of June 30, 2018, the General Fund balance decreased further to \$1,913,526, or 3.58% of expenditures. As of June 30, 2019, the General Fund balance increased to \$5.694M, or 10.18% of expenditures. As of June 30, 2020, the unaudited General Fund balance increased to \$6.956M, or 19.5% of expenditures.

For fiscal year 2017, the Issuer was eligible to access the levy for cash reserves again, and levied \$1.125M. For fiscal year 2018, the Issuer levied a cash reserve of \$1.665M. For FY19, the District has levied \$6.937M, which is the maximum allowed under Iowa law. For fiscal year 2020, the District levied \$4,726,000, and for fiscal year 2021, the District levied \$5,245,000.

The Issuer is aware of impact due to COVID-19, specifically, the impact that it is encountering with respect to additional staff required for teaching and supervising. Certain expenses such as PPE and plexiglass can be recovered, or potentially can be recovered from FEMA. However, the costs tied to additional staff for teaching and supervising is a general fund expense that cannot be recovered from CARES or FEMA. The General Fund, as supported by the cash reserve levy, is expected to have sufficient cash available to meet these expenses, and maintain adequate fund balance. It is not clear at this time that the State of Iowa will grant additional allowable growth to school districts to allow them to recoup the authority to spend that was consumed by these additional expenses, and in the worst case scenario, the District’s authority will decline as a direct result of these costs. If authority declines enough, it could cause the District’s authority to be negative, resulting in spending cuts being required in future years to offset the negative authority, until unspent authority is again positive.