

*In the opinion of Bond Counsel under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, interest on the Bonds i) is not exempt from Iowa State income tax; and ii) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Bonds will NOT be designated as "qualified tax-exempt obligations." See "TAX MATTERS" herein.*

**\$12,900,000**  
**AHSTW Community School District, Iowa**  
**General Obligation School Bonds**  
**Series 2022**

Dated: Date of Delivery

The General Obligation School Bonds, Series 2022 described above (the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by UMB Bank, n.a., as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, Indirect Participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on June 1, and December 1 in each year, beginning December 1, 2022 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing after June 1, 2029 may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



**MATURITY SCHEDULE**

<u>Bonds Due</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Cusip #'s *</u>	<u>Bonds Due</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Cusip #'s *</u>
June 1, 2023	\$810,000	5.00%	2.20%	00130V AA2	June 1, 2030	\$535,000	4.00%	3.30%	00130V AH7
June 1, 2024	470,000	5.00	2.50	00130V AB0	June 1, 2031	555,000	4.00	3.45	00130V AJ3
June 1, 2025	495,000	5.00	2.70	00130V AC8	June 1, 2032	575,000	4.00	3.65	00130V AK0
June 1, 2026	520,000	5.00	2.85	00130V AD6	June 1, 2033	600,000	4.00	3.75	00130V AL8
June 1, 2027	545,000	5.00	3.00	00130V AE4	June 1, 2034	625,000	4.00	3.85	00130V AM6
June 1, 2028	575,000	5.00	3.10	00130V AF1	June 1, 2035	650,000	4.00	4.00	00130V AN4
June 1, 2029	600,000	5.00	3.20	00130V AG9					
	\$1,375,000	4.00%		Term bond due June 1, 2037					CUSIP #'s* 00130V AQ7
	3,970,000	4.25		Term bond due June 1, 2042					CUSIP #'s* 00130V AV6

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about June 16, 2022. The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

## Bernardi Securities

The Date of this Official Statement is May 26, 2022

\* CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy any of the securities offered hereby in any state to any persons to whom it is unlawful to make such offer in such state. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. The Issuer considers the Official Statement to be "near final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

## **FORWARD-LOOKING STATEMENTS**

This Official Statement, including Appendix A, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget" or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS TO DIFFER. THE ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "Appendix E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

**OFFICIAL STATEMENT  
AHSTW COMMUNITY SCHOOL DISTRICT, IOWA  
\$12,900,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2022**

**INTRODUCTORY STATEMENT**

This Official Statement presents certain information relating to the AHSTW Community School District, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation School Bonds, Series 2022 (the “Bonds”). The Bonds are being issued to provide funds to i) remodel, repair, and improve the existing K-12 facilities; ii) build, furnish, and equip additions to and renovations of learning environments, including related site improvements, and iii) to pay costs of issuance for the Bonds. See “**THE PROJECT**” and “**SOURCES AND USES OF FUNDS**” herein.

This Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of certain pricing and other information which is to be made available through a final Official Statement.

This Introductory Statement is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Bonds are general obligations of the Issuer, payable from and secured by a continuing annual ad-valorem tax levied against all taxable, real property located within the territory of the Issuer. See “**THE BONDS – Source of Security for the Bonds**” herein.

All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

**THE BONDS**

**General**

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on December 1, 2022, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

**Authorization for the Issuance**

The Bonds are being issued pursuant to the Code of Iowa, 2021, as amended, Chapter 296, and the Bond Resolution, expected to be adopted by the Issuer on June 1, 2022. Voters in the Issuer authorized the issuance of not to exceed \$12,900,000 General Obligation School Bonds at the special election held on November 2, 2021.

**Book Entry Only System**

*The following information concerning The Depository Trust Company (“DTC”), New York, New York and DTC’s book-entry system has been obtained from sources the Issuer believes to be reliable. However, the Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.*

The Depository Trust Company (“DTC”), New York, NY will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC").

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered in the transaction. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving

reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or successor securities depository). In that event Security certificates will be printed and delivered to DTC.

The Issuer cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal of or interest and premium, if any, on the Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the Issuer nor the Paying Agent will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participant or Indirect Participant; (2) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (3) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as a Bondholder.

### **Transfer and Exchange**

In the event that the Book Entry System is discontinued, any Bond may, in accordance with its terms, be transferred by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the principal corporate office of the Registrar accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Registrar. Whenever any Bond or Bonds shall be surrendered for transfer, the Registrar shall execute and deliver a new Bond or Bonds of the same maturity, interest rate, and aggregate principal amount.

Bonds may be exchanged at the principal corporate office of the Registrar for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate; provided, however, that the Registrar is not required to transfer or exchange any Bonds which have been selected for prepayment and is not required to transfer or exchange any Bonds during the period beginning 15 days prior to the selection of Bonds for prepayment and ending the date notice of prepayment is mailed. The Registrar may require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. All Bonds surrendered pursuant to the provisions of this and the preceding paragraph shall be canceled by the Registrar and shall not be redelivered.

### **Prepayment**

Optional Prepayment: The Bonds maturing after June 1, 2029, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Notice of Prepayment. Prior to the redemption of any Bonds under the provisions of the Resolution, the Registrar shall give written notice not less than thirty (30) days prior to the redemption date to each registered owner thereof. Written notice shall be effective upon the date of transmission to the owner of record of the Bond.

Mandatory Sinking Fund Redemption The Bonds maturing on June 1, 2037 are subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years 2036 through 2037 at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

2037 Term Bond	
<u>Mandatory Sinking Fund Date</u>	<u>Principal Amount</u>
June 1, 2036	\$675,000
June 1, 2037 (maturity)	700,000

The Bonds maturing on June 1, 2042 are subject to mandatory redemption (by lot, as selected by the Registrar) on June 1 in each of the years 2038 through 2042 at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest thereon to the redemption date in the following principal amounts:

#### 2042 Term Bond

<u>Mandatory Sinking Fund Date</u>	<u>Principal Amount</u>
June 1, 2038	\$730,000
June 1, 2039	760,000
June 1, 2040	795,000
June 1, 2041	825,000
June 1, 2042 (maturity)	860,000

Selection of Bonds for Redemption Bonds subject to redemption (other than mandatory sinking fund redemption) will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Issuer will notify DTC of the particular amount of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such maturity to be redeemed and each Participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

Any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was sent.

#### **Source of Security for the Bonds**

The Bonds are general obligations of the Issuer. Per Iowa Code section 76.2, prior to issuing general obligation debt the governing authority of an Iowa political subdivision shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years. A certified copy of this resolution must be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full. Upon issuance of the Bonds, the Issuer will levy taxes for the years and in amounts sufficient to provide 100% of annual principal and interest due on the Bonds. If, however, the amount credited to the debt service fund for payment of the Bonds is insufficient to pay principal and interest, whether from transfers or from original levies, the Issuer must use funds in its treasury and is required to levy ad valorem taxes upon all taxable property in the Issuer without limit as to rate or amount sufficient to pay the debt service deficiency.

Nothing in the Bond Resolution prohibits or limits the ability of the Issuer to use legally available moneys other than the proceeds of the general ad valorem property taxes levied, as described in the preceding paragraph, to pay all or any portion of the principal of or interest on the Bonds. If and to the extent such other legally available moneys are used to pay the principal of or interest on the Bonds, the Issuer may, but shall not be required to, (a) reduce the amount of taxes levied for such purpose, as described in the preceding paragraph; or (b) use proceeds of taxes levied, as described in the preceding paragraph, to reimburse the fund or account from which such other legally available moneys are withdrawn for the amount withdrawn from such fund or account to pay the principal of or interest on Bonds.

The Bond Resolution does not restrict the Issuer's ability to issue or incur additional general obligation debt, although issuance of additional general obligation debt is subject to the same constitutional and statutory limitations that apply to the issuance of the Bonds. For a further description of the Issuer's outstanding general obligation debt upon issuance of the Bonds and the annual debt service on the Bonds, see "Direct Debt" included in "APPENDIX A" to this Official Statement. For a description of certain constitutional and statutory limits on the issuance of general obligation debt, see "Debt Limit" included in "APPENDIX A" to this Official Statement.

### **BONDHOLDERS' RISKS**

#### **Bond Insurance**

In the event of default of the payment of the regularly scheduled principal of and interest on the Bonds when due, any owner of the Bonds will have a claim under the Policy for such payments.

Default in the payment of principal of and interest on the Bonds does not obligate acceleration of the obligations of AGM without appropriate consent. AGM may direct and must consent to any remedies exercised and AGM's consent may be required in connection with amendments to the Resolution. The obligations of AGM under the Policy are general obligations of AGM and in an event of default by AGM, the remedies available to the Bondholders may be limited by laws related to insolvency. If AGM becomes insolvent or otherwise becomes subject to receivership or similar proceedings under state insurance law, Bondholders may become general unsecured creditors of AGM and, under such circumstances, timely payment of the principal of and interest on the Bonds might depend entirely on the ability of the Issuer to pay principal of and interest on the Bonds as described under

the heading “**THE BONDS – Source of Security for the Bonds**” herein.

The ability of AGM to make payment of such defaulted principal or interest under the Policy may be adversely affected by the financial condition of AGM at such time. No assurance is given as to the current or future financial condition of AGM or the financial condition of any entity with which AGM may merge or by which it may be acquired.

In the event AGM is unable to make payment of principal and interest on the Bonds as such payments become due under the Policy, the Bonds are payable solely from the Issuer as described herein. In the event AGM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability for the Bonds.

The long-term ratings of the Bonds are dependent in part on the financial strength of AGM and its claims-paying ability. AGM’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the Bonds will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability for the Bonds. See “**BONDHOLDERS’ RISKS – Rating Loss**” herein.

The Issuer has made no independent investigation into the claims-paying ability of AGM, and no assurance or representation regarding the financial strength or projected financial strength of AGM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal of and interest on the Bonds and the claims-paying ability of AGM, particularly over the life of the Bonds. See “**BOND INSURANCE**” herein for further information provided by AGM and the Policy, which includes further instructions for obtaining current financial information regarding AGM.

#### **Tax Levy Procedures**

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad-valorem tax levied against all of the taxable property located within the territory of the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the taxable property located within the territory of the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the Bond Resolution) may have to be enforced from year to year.

#### **Changes in Property Taxation**

The Bonds are general obligations of the Issuer secured by an unlimited ad valorem property tax as described in the “**THE BONDS - Source of Security for the Bonds**” herein. Prior State Public Health Emergency Declarations relative to the COVID-19 pandemic temporarily suspended the provisions that required the imposition of penalty and interest for delay in property tax payments and directed that no such penalty or interest could be imposed for the duration of the declarations and any future extension of the suspension. It is impossible to predict whether any future declarations or any amendments to or extensions thereof would have a material effect on the Issuer’s ability to collect property taxes necessary for the payment of principal and interest on the Bonds.

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds. Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds, the security for the Bonds, or the Issuer’s financial position. As noted in “Source of Security for the Bonds,” per Iowa Code section 76.2 the Issuer has by resolution provided for the assessment of an annual levy upon all the taxable property within the territory of the Issuer sufficient to pay the interest and principal of the bonds within a period named not exceeding twenty years.

#### **Matters Relating to Enforceability of Agreements**

Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bonds, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Bond Resolution.

There is no Bond trustee or similar person to monitor or enforce the provisions of the Bond Resolution. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bond, there is no provision for acceleration of maturity of the principal of the Bonds.

Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the Bond Resolution) may have to be enforced from year to year.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Bond Resolution. The remedies available to the owners of the Bonds upon an event of default under the Bond Resolution, in certain respects, may require judicial action, which is often subject to discretion and delay. Under existing law, including specifically the Federal Bankruptcy Code, certain of the remedies specified in the Bond Resolution may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in these documents. The legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and public policy and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

No representation is made, and no assurance is given, that the enforcement of any remedies with respect to such assets will result in sufficient funds to pay all amounts due under the Bond Resolution, including principal of and interest on the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, and secondary marketing practices in connection with a particular Bond or Bonds issue are suspended or terminated. Additionally, prices of bond or note issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

### **Potential Impact of the Coronavirus**

In recent years, a strain of coronavirus commonly known as COVID-19 has spread globally, negatively affecting global, state, and local economies and possibly sparking a recession. Federal, State, and local officials have taken steps to curb the spread of the virus, including providing both discretionary and mandatory guidelines and orders regarding public gatherings, and imposing mandatory closings of some businesses. The State of Iowa may suffer material adverse consequences from the continued spread of COVID-19, which could affect the amount of State revenues appropriated to municipalities, including the Issuer. The spread of the virus could reduce sales tax and other revenue collections, property valuations and other revenue sources dependent on local business activity, which may be slower.

Thus far, for its 2021-22 school year, the Issuer has held in-person classes on a full-time basis. The Issuer did not experience material reductions in revenue or material increases in expenses in fiscal year 2021 or thus far in fiscal year 2022 due to material COVID-19-related financial impacts and currently expects that any material COVID-19-related financial impacts will be covered by state and federal funding. It is too soon, however, to fully predict what COVID-19-related financial impacts the Issuer may incur and whether any such financial impacts will be material.

The Issuer cannot predict whether continued spread of the disease will materially impact its financial condition, including the collection of Tax Revenues beyond fiscal year 2022. The spread of the virus could negatively affect the Issuer's financial condition, including, among others, lower property values, decreasing student enrollment, a delay in property tax collections, and other unpredicted unforeseen consequences, which may affect the Issuer's ability to pay principal of and interest on the Bonds. See **"THE BONDS – Source of Security for the Bonds"** herein.

This information is based on current information available to the Issuer that may be incomplete and unknown. This information was derived using certain assumptions and method and projections. Some of this information is forward-looking and subject to change.

### **Pension**

The Issuer reported a liability of \$4,577,386 as of June 30, 2021 for its proportionate share of the net pension liability for Iowa Public Employee Retirement System ("IPERS"). The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Issuer's proportion of the net pension liability was based on the Issuer's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2020, the Issuer's collective proportion was 0.0651610%, which was a decrease of 0.001980% from its proportion measured June 30, 2019. See Issuer's Audited Financial Statements, Appendix D, for additional information.

## **Bankruptcy and Insolvency**

The rights and remedies provided in the Resolution may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations in legal remedies against exercise of judicial discretion in appropriate cases and to limitations on legal remedies against municipal corporations in the State of Iowa. The various opinions of counsel to be delivered with respect to the Bonds and the Resolution, including the opinion of Bond Counsel, will be similarly qualified. If the Issuer were to file a petition under Chapter Nine of the Federal Bankruptcy Code, the owners of the Bonds could be prohibited from taking any steps to enforce their rights under the Resolution. In the event the Issuer fails to comply with its covenants under the Resolution or fails to make payments on the Bonds, there can be no assurance of the availability of remedies adequate to protect the interests of the holders of the Bonds.

Under sections 76.16 and 76.16A of the Code of Iowa, as amended, a city, county, or other political subdivision may become a debtor under Chapter Nine of the Federal Bankruptcy Code, if it is rendered insolvent, as defined in 11 U.S.C. §101(32)(c), as a result of a debt involuntarily incurred. As used therein, "debt" means an obligation to pay money, other than pursuant to a valid and binding collective bargaining agreement or previously authorized bond issue, as to which the governing body of the city, county, or other political subdivision has made a specific finding set forth in a duly adopted resolution of each of the following: (1) that all or a portion of such obligation will not be paid from available insurance proceeds and must be paid from an increase in general tax levy; (2) that such increase in the general tax levy will result in a severe, adverse impact on the ability of the city, county, or political subdivision to exercise the powers granted to it under applicable law, including without limitation providing necessary services and promoting economic development; (3) that as a result of such obligation, the city, county, or other political subdivision is unable to pay its debts as they become due; and (4) that the debt is not an obligation to pay money to a city, county, entity organized pursuant to chapter 28E of the Code of Iowa, or other political subdivision.

## **Tax Matters and Loss of Tax Exemption**

As discussed under the heading "TAX MATTERS" herein, the interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Bonds, as a result of acts or omissions of the Issuer in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds would not be subject to a special prepayment and would remain outstanding until maturity or until prepaid under the prepayment provisions contained in the Bonds, and there is no provision for an adjustment of the interest rate on the Bonds.

The Issuer will NOT designate the Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

It is possible that legislation will be proposed or introduced that could result in changes in the way that tax exemption is calculated, or whether interest on certain securities are exempt from taxation at all. Prospective purchasers should consult with their own tax advisors regarding any pending or proposed federal income tax legislation. The likelihood of any pending or proposed federal income tax legislation being enacted or whether the proposed terms will be altered or removed during the legislative process cannot be reliably predicted.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax-exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset. A determination of taxability on the Bonds, after closing of the Bonds, could materially adversely affect the value and marketability of the Bonds.

## **Debt Payment History**

The Issuer knows of no instance in which it has intentionally defaulted in the payment of principal and interest on any of its debt.

## **Damage or Destruction to Issuer's Facilities**

Although the Issuer will be required to obtain and maintain certain kinds of insurance as set forth in the Resolution, there can be no assurance that the Issuer will not suffer uninsured losses in the event of damage to or destruction of the Issuer's facilities, due to fire or other calamity or in the event of other unforeseen circumstances.

## **Redemption Prior to Maturity**

In considering whether the Bonds might be redeemed prior to maturity, Bondholders should consider the information included in this Official Statement under the heading "THE BONDS."

## **General Liability Claims**

In recent years, the number of general liability suits and the dollar amounts of damage awards have increased nationwide, resulting in substantial increases in insurance premiums. Litigation may also arise against the Issuer from its business activities, such as its status as an employer. While the Issuer maintains general liability insurance coverage, the Issuer is unable to predict the availability or cost of such insurance in the future. In addition, it is possible that certain types of liability awards may not be

covered by insurance as in effect at relevant times. Any negative impact resulting from such awards may impact the Issuer's financial condition.

### **Risks as Employer**

The Issuer is a major employer, combining a complex mix of tenured and untenured full-time faculty, part-time faculty, technical and clerical support staff and other types of workers in a single operation. As with all large employers, the Issuer bears a wide variety of risks in connection with its employees. These risks include discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees or between employees and students) and other risks that may flow from the relationships between employer and employee or between students and employees. Certain of these risks are not covered by insurance, and certain of them cannot be anticipated or prevented in advance.

### **Limitation or Delay of Remedies**

There is no bond trustee or similar person to monitor or enforce the provisions of the Bond Resolution. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the Bond Resolutions) may have to be enforced from year to year.

The remedies available to the owners of the Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds and the delivery of the Resolution will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

### **Cleanup Costs and Liens Under Environmental Statutes**

The Issuer is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the site of the Project. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions were initiated, the Issuer could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the site of the Project. In addition, under applicable environmental statutes, in the event an enforcement action were initiated, a lien superior to the Bondholders' lien could attach to the Project, which may adversely affect the Bondholders' rights.

### **Environmental and Climate-Related**

Due to recent increases in the frequency and intensity of extreme weather events and natural disasters, the Issuer and its residents and businesses may experience operational disruptions and increased costs for mitigation and recovery. The increased costs of risk-mitigation and recovery efforts cannot be determined with certainty due to the multiple factors associated with these costs, including but not limited to, the future frequency and intensity of these events, future legal and regulatory requirements, the costs of labor and materials used in mitigation and recovery, insurance rates and available coverages, and the level of state and federal assistance available.

### **Cybersecurity**

The Issuer relies on its information systems to provide security for processing, transmission and storage of confidential and other sensitive information. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the Issuer and the services it provides, or the unauthorized access to or disclosure of personally identifiable information and other confidential or sensitive information. Despite security measures, the Issuer may remain vulnerable to attacks by outside or internal hackers, or breaches caused by employee error, negligence or malfeasance. Any failure to maintain proper functionality and security of the Issuer's information systems could interrupt the Issuer's operations, damage its reputation, subject it to significant costs, liability claims or regulatory penalties, and could have a material adverse effect on the operations and financial condition of the Issuer. The Issuer has a \$1 million cyber-insurance policy. The Issuer cannot predict whether this policy will be sufficient in the event of a cyberattack.

### **Rating Loss**

S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC (the "Rating Agency") assigned the Bonds an insured rating of "AA" (stable outlook) with the understanding that upon delivery of the Bonds, a policy insuring the payment of principal of and interest on the Bonds will be issued by AGM. The Rating Agency has assigned a rating of "A+" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of the Rating Agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Rating agencies are currently not regulated by any regulatory body. Future regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

### **Proposed Federal Tax Legislation**

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

### **Significant Taxpayer**

MidAmerican Energy Co (“MidAmerican”) is a significant taxpayer within the Issuer, accounting for approximately 16.44% of the taxable valuation of the Issuer. The Issuer receives a significant amount of revenues from and relating to operations of MidAmerican. There can be no assurance that the operations of MidAmerican will continue to provide the same level of revenues for the Issuer during the term of the Bonds. Circumstances beyond the control of the Issuer including without limitation economic downturns and increased competition may significantly affect MidAmerican’s operations and thus, the amount of revenues received by the Issuer as a result of MidAmerican’s operations. Failure by the Issuer to realize ongoing revenues associated with MidAmerican could have a material effect on the financial condition of the Issue. See “Appendix A – Largest Taxpayers.”

### **DTC-Beneficial Owners**

Beneficial Owners of the Bonds may experience some delay in the receipt of distributions of principal of and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC and DTC will credit such distributions to the accounts of the Participants which will thereafter credit them to the accounts of the Beneficial Owner either directly or indirectly through Indirect Participants. Neither the Issuer nor the Paying Agent will have any responsibility or obligation to assure that any such notice or payment is forwarded by DTC to any Participants or by any Participant to any Beneficial Owner.

In addition, since transactions in the Bonds can be effected only through DTC Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge the Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Bonds, may be limited due to lack of a physical certificate. Beneficial Owners will be permitted to exercise the rights of registered Owners only indirectly through DTC and the Participants. See “**THE BONDS—Book-Entry Only System.**”

### **Project Completion; Risks of Construction**

A delay in completion of the Project may arise from any number of other causes, including but not limited to, adverse weather conditions, unavailability of subcontractors, and negligence on the part of subcontractors, labor disputes, or unanticipated costs of construction, equipping or renovation. Any of these events or occurrences, separately or in combination, could have a material adverse effect on the Issuer’s ability to complete the Project, or to complete it as planned and on schedule. The Issuer believes that the proceeds of the Bonds will be sufficient to complete the Project; however, the cost of construction of the Project may be affected by factors beyond the control of the Issuer, including strikes, material shortages, adverse weather conditions, trade tariffs, subcontractor defaults, delays, and unknown conditions.

### **Financial Condition of the Issuer from time to time**

No representation is made as to the future financial condition of the Issuer. Certain risks discussed herein could adversely affect

the financial condition and/or operations of the Issuer in the future. However, the Bonds are secured by an unlimited ad valorem property tax as described more fully in the “**THE BONDS – Source of Security for the Bonds**” herein.

### **Continuing Disclosure**

A failure by the Issuer to comply with the continuing disclosure obligations (see “Continuing Disclosure” herein) will not constitute an event of default on the Bonds. Any such failure must be disclosed in accordance with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and may adversely affect the transferability and liquidity of the Bonds and their market price.

### **Suitability of Investment**

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgement as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

### **Factors Beyond Issuer’s Control**

Economic and other factors beyond the Issuer’s control, such as economic recession, deflation of property values, or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the corporate boundaries of the Issuer. The State of Iowa, including the Issuer, is susceptible to tornados, flooding and extreme weather wherein winds and flooding have from time to time caused significant damage, which may have an adverse impact on the Issuer’s financial position.

### **Other Factors**

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

### **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

## **LITIGATION**

The Issuer encounters litigation occasionally, as a course of business, however, no litigation currently exists that is not believed to be covered by current insurance carriers and no litigation has been proposed that questions the validity of these bonds.

## **ACCOUNTANT**

The accrual-basis financial statements of the Issuer included as APPENDIX D to this Official Statement have been examined by Schroer & Associates, P.C., to the extent and for the periods indicated in their report thereon. Such financial statements have been included herein without permission of said CPA, and said CPA expresses no opinion with respect to the Bonds or the Official Statement.

## **UNDERWRITING**

The Bonds are being purchased, subject to certain conditions, by Bernardi Securities, Inc., Northfield, IL (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of \$13,040,328.10 (reflecting the par amount of the Bonds with net original issue premium of \$346,728.10, and an underwriter’s discount of \$206,400.00) plus accrued interest to the Closing Date.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the initial public offering prices stated on the cover page. The initial public offering prices of the Bonds may be changed, from time to time, by the Underwriter.

The Underwriter intends to engage in secondary market trading of the Bonds subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof.

## THE PROJECT

The Bonds are being issued to provide funds to i) remodel, repair, and improve the existing K-12 facilities; ii) build, furnish, and equip additions to and renovations of learning environments, including related site improvements, and iii) to pay costs of issuance for the Bonds.

## SOURCES AND USES OF FUNDS

Sources of Funds		
	Bond Proceeds	\$12,900,000.00
	Net Reoffering Premium	346,728.10
Total Sources of Funds		\$13,246,728.10
Uses of Funds		
	Deposit to Project fund	\$12,931,428.10
	Costs of Issuance	108,900.00
	Underwriter's Discount	206,400.00
Total Uses of Funds		\$13,246,728.10

## TAX MATTERS

### Tax Exemption

Federal tax law contains a number of requirements and restrictions that apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Bond proceeds and facilities financed with Bond proceeds, and certain other matters. The Issuer has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

The interest on the Bonds is not exempt from present Iowa income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### Not Qualified Tax Exemption Obligations

The Issuer will NOT designate the Bonds as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

### Discount and Premium Bonds

The initial public offering price of certain Bonds may be less than the amount payable on such Bonds at maturity ("Discount Bonds"). Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds may be greater than the amount of such Bonds at maturity ("Premium Bonds"). Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable premium on Premium Bonds for income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

### Other Tax Advice

In addition to the income tax consequences described above, potential investors should consider the additional tax consequences of the acquisition, ownership, and disposition of the Bonds. For instance, state income tax law may differ substantially from state to state, and the foregoing is not intended to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to federal tax issues and with respect to the various state tax consequences of an investment in Bonds.

### Audits

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. To the best of the Issuer’s knowledge, no obligations of the Issuer are currently under examination by the Service. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

### Reporting and Withholding

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

### Tax Legislation

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may be considered by the Iowa legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, court decisions, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, on December 22, 2017, the Tax Cuts and Jobs Act (“TCJA”) was signed into law. For tax years beginning after December 31, 2017, the TCJA, among other things, significantly changes the income tax rates on individuals and corporations, modifies the current provisions relative to the federal alternative minimum tax on individuals, and eliminates the federal alternative minimum tax for corporations. The TCJA, or the introduction or enactment of any other legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the TCJA, as well as any pending or proposed tax legislation, as to which Bond Counsel expresses no opinion other than as set forth in its legal opinion.

### The Opinion

The FORM OF LEGAL OPINION, in substantially the form set out in APPENDIX B to this Official Statement, will be delivered at closing.

Bond Counsel’s opinion is not a guarantee of a result, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described in this section. No ruling has been sought from the Service with respect to the matters addressed in the opinion of Bond Counsel and Bond Counsel’s opinion is not binding on the Service, nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction. Bond Counsel assumes no obligation to update its opinion after the issue date to reflect any further action, fact or circumstance, or change in law or interpretation, or otherwise.

### Enforcement

There is no bond trustee or similar person to monitor or enforce the terms of the resolution for issuance of the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature

of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

The owners of the Bonds cannot foreclose on property within the boundaries of the Issuer or sell such property in order to pay the debt service on the Bonds. In addition, the enforceability of the rights and remedies of owners of the Bonds may be subject to limitation as set forth in Bond Counsel's opinion. The opinion will state, in part, that the obligations of the Issuer with respect to the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the exercise of judicial discretion in appropriate cases and to the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

#### Bond Counsel Review

Bond Counsel has approved the language included in this "Tax Exemption and Related Considerations" Section but has not otherwise participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

**ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE).**

#### **FINANCIAL ADVISOR**

The Issuer has retained Piper Sandler & Co. as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the Official Statement. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

#### **CONTINUING DISCLOSURE**

The Issuer will covenant in a Continuing Disclosure Certificate (the "Undertaking") for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the Issuer (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than April 15 after the close of each fiscal year, commencing with the fiscal year ending June 30, 2022, with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

A failure by the Issuer to comply with the Undertaking will not constitute a default under the Resolution and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking. Any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Continuing Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default thereunder.

If the Issuer fails to comply with any provision of the Continuing Disclosure Certificate, the sole remedy available shall be an action to compel performance. A failure by the Issuer to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The Issuer provides the following information in accordance with the reporting requirement of paragraph (f)(3) of the Rule.

For the five-year period beginning May 2, 2017 through May 2, 2022, inclusive, the Issuer believes it has complied in all material respects with regard to its prior Disclosure Covenants.

## BOND INSURANCE

### Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Current Financial Strength Ratings*

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On October 20, 2021, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2021, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

### *Capitalization of AGM*

At March 31, 2022:

- The policyholders' surplus of AGM was approximately \$2,909 million.
- The contingency reserve of AGM was approximately \$893 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,116 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

#### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- i. the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022); and
- ii. the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (filed by AGL with the SEC on May 6, 2022).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### *Miscellaneous Matters*

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

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The Board of Directors of the Issuer has authorized the execution and delivery of this Official Statement for use in connection with the initial sale of the Bonds. I have reviewed the information contained within the Official Statement prepared on behalf of the AHSTW Community School District, State of Iowa, by Piper Sandler & Co., Des Moines, Iowa and said Official Statement does not contain any material misstatements of fact nor omissions of any material fact regarding the issue of \$12,900,000 General Obligation School Bonds, Series 2022 of the Issuer to be issued upon the date of delivery.

AHSTW COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Kelly Allen  
Board Secretary

## **APPENDIX A - INFORMATION ABOUT THE ISSUER**

### **AHSTW COMMUNITY SCHOOL DISTRICT, IOWA**

#### **DISTRICT OFFICIALS**

<b>PRESIDENT</b>	Allen Cordes
<b>BOARD MEMBERS</b>	Steve Kock Angie Grote Preston Krohn Adam Long Jon Mitchell Kimberly Wise
<b>SUPERINTENDENT</b>	Darin Jones
<b>DISTRICT SECRETARY*</b>	Kelly Allen
<b>DISTRICT TREASURER*</b>	Kelly Allen
<b>DISTRICT ATTORNEY</b>	Ahlers & Cooney, P.C. Des Moines, Iowa

#### **CONSULTANTS**

<b>BOND COUNSEL</b>	Ahlers & Cooney, P.C. Des Moines, Iowa
<b>DISCLOSURE COUNSEL</b>	Ahlers & Cooney, P.C. Des Moines, Iowa
<b>FINANCIAL ADVISOR</b>	Piper Sandler Des Moines, Iowa
<b>PAYING AGENT</b>	UMB Bank, n.a. West Des Moines, Iowa

\*Kelly Allen will be replaced on July 1, 2022 by Alisha Cook

## General Information

The AHSTW Community School District is located in western Iowa within the counties of Cass, Pottawattamie, Shelby and Harrison. The District serves the communities of Avoca, Hancock, Shelby, Tennant and Walnut and straddles U.S. Interstate Highway 80 to the northeast of the Omaha-Council Bluffs metropolitan area. The District is served by U.S. Interstate Highway 80, U.S. Highway 59 and a numerous County roads. Iowa Interstate Railroad Ltd. provides rail service within the District and commercial airline service is provided in nearby Omaha. Nearby continuing education opportunities for residents can be found at Iowa Western Community College, Council Bluffs; Iowa State University, Ames; and The University of Nebraska, Omaha & Lincoln.

## District Facilities (1)

Presented below is a recap of the existing facilities of the District:

<u>Building</u>	<u>Construction Date</u>	<u>Grades Served</u>
High School	1972	9-12
Intermediate School	2016	4-8
Primary School	2009	PK-3

## Enrollment (1)

Total enrollment in the District in the fall of the past five school years has been as follows:

<u>Count Date</u>	<u>Fiscal Year effective</u>	<u>Certified (Resident) (4)</u>	<u>Open Enroll In</u>	<u>Open Enroll Out</u>	<u>Total Served (5)</u>
October-21	2022-23	765.3	39.0	106.0	698.3
October-20	2021-22	755.0	36.0	101.8	689.2
October-19	2020-21	780.7	31.0	116.2	695.5
October-18	2019-20	784.6	25.0	121.2	688.4
October-17	2018-19	791.7	32.0	117.1	706.6

## Staff (1)

Presented below is a list of the District's 128 employees.

Administrators:	6	Media Specialists:	0
Teachers:	63	Nurses:	1
Teacher Aids:	31	Guidance:	3
Custodians:	6	Secretaries:	3
Food Service:	1	Transportation:	14
Other:	0	Maintenance:	0

## Population (2)

Presented below are population figures for the periods indicated for the cities of Avoca, Hancock, Shelby, Tennant and Walnut.

<u>Year</u>	<u>Avoca</u>	<u>Hancock</u>	<u>Shelby</u>	<u>Tennant</u>	<u>Walnut</u>
2020	1,683	200	727	78	747
2010	1,506	196	641	68	785
2000	1,610	207	696	73	778
1990	1,497	201	637	78	857
1980	1,650	254	665	77	897
1970	1,535	228	537	93	870

- (1) Source: the Issuer
- (2) Source: U.S. Census Bureau
- (3) Source: Iowa Department of Education
- (4) Used for Sales Tax distribution
- (5) Used for State Aid distribution

## Other Post-Employment Benefits (OPEB) (1)

Plan Description - The District administers a single-employer health plan which provides medical and prescription drug benefits for employees, retirees and their spouses.

Individuals who are employed by the Issuer and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	76
<hr/>	
Total	79

Total OPEB Liability – The District's total OPEB liability of \$139,331 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions – the total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

Rate of inflation (effective 6/30/21)	3.00% per annum
Discount rate (effective 6/30/21) including inflation	2.37% per annum
Healthcare cost trend rate (effective 6/30/21)	6.00% per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 2.37%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP-201417 annuity mortality table. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability:

Total OPEB obligation – beginning of year	\$114,863
Changes for the year	
	Service Cost 17,835
	Interest 3,266
	Difference between expected & actual experiences (2,886)
	Change in assumption 11,511
	Benefit Payments (5,258)
<hr/>	
Net Changes	24,468
Net OPEB obligation – end of year	\$139,331

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(1) Source: the Issuer

## Employee Pension Plan (1)

**Plan Description.** Iowa Public Employees' Retirement System ("IPERS") membership is mandatory for employees of the Issuer. The Issuer's employees are provided with pensions through a cost-sharing multiple employer defined pension plan administered by IPERS. IPERS benefits are established under Iowa Code, Chapter 97B and the administrative rules thereunder. The Issuer's employee who completed seven years of covered service or has reached the age of 65 while in IPERS covered employment becomes vested. If the Issuer's employee retires before normal retirement age, the employees' monthly retirement benefit will be permanently reduced by an early-retirement reduction. IPERS provides pension benefits as well as disability benefits to Issuer employees and benefits to the employees' beneficiaries upon the death of the eligible employee. See "**APPENDIX D-AUDITED FINANCIAL STATEMENTS OF THE ISSUER-NOTES TO THE FINANCIAL STATEMENTS**" for additional information on IPERS. Additionally, copies of IPERS annual financial report may be obtained from [www.ipers.org](http://www.ipers.org). Moreover, IPERS maintains a website at [www.ipers.com](http://www.ipers.com). However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

**Contributions.** Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the Issuer and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2017 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the future.

The Issuer's contributions to IPERS is not less than that which is required by law. The Issuer's share of the contribution, payable from the applicable funds of the Issuer, is provided by a statutorily authorized annual levy of taxes without limit or restriction as to rate or amount. The Issuer has always made its full required contributions to IPERS.

The following table sets forth the contributions made by the Issuer and its employees to IPERS for the period indicated. The Issuer cannot predict the levels of funding that will be required in the future.

Table 1 – Issuer and Employees Contribution to IPERS.

Fiscal Year	Issuer Contribution		Issuer Employees' Contribution	
	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2017	\$420,291	8.93	\$280,381	5.95
2018	446,750	8.93	294,604	5.95
2019	482,355	9.44	320,958	6.29
2020	487,887	9.44	325,415	6.29
2021	493,072	9.44	328,618	6.29

The Issuer cannot predict the levels of funding that will be required in the future as any IPERS unfunded pension benefit obligation could be reflected in future years in higher contribution rates. The investment of moneys, assumptions underlying the same and the administration of IPERS is not subject to the direction of the Issuer. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of IPERS ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the Issuer which could affect other budgetary matters.

Table 2 – Recent returns of IPERS (1)

According to IPERS, the market value investment return on program assets is as follows:

Fiscal Year Ended June 30	Investment Return %
2017	11.70
2018	7.97
2019	8.35
2020	3.39
2021	29.63

(1) SOURCE: The Issuer

The following table sets forth certain information about the funding status of IPERS that has been extracted from the annual comprehensive financial reports of IPERS (collectively, the “IPERS ACFRs”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the “IPERS Actuarial Reports”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

Table 3 – Funding Status of IPERS (1)

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) % [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
2017	30,472,423,914	30,779,116,326	37,440,382,029	6,968,134,950	81.39	6,661,265,703	82.21	7,863,160,443	88.62
2018	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36	6,328,245,058	83.62	7,983,219,527	79.27
2019	33,324,327,606	34,010,680,731	39,801,338,797	6,477,011,191	83.73	5,790,658,066	85.45	8,151,043,468	71.04
2020	34,485,656,745	34,047,692,112	41,072,427,540	6,586,770,795	83.96	7,024,735,428	82.90	8,391,856,350	78.49
2021	37,584,987,296	42,889,875,682	42,544,648,750	4,959,661,454	88.34	-345,226,932	100.81	8,648,783,536	57.35

Net Pension Liabilities (2)

At June 30, 2021, the Issuer reported a liability of \$4,577,386 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The Issuer’s proportion of the net pension liability was based on the Issuer’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See “**APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS**” for additional information related to the Issuer’s deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

Bond Counsel, Disclosure Counsel, the Issuer, the Underwriter and the Financial Advisor undertake no responsibility for and make no representations as to the accuracy or completeness of the material available from IPERS as discussed above or included on the IPERS website, including, but not limited to, updates of such information on the Auditor of State’s website or links to other websites through the IPERS website.

(1) Source: IPERS Actuarial Reports. For a description of the assumptions used when calculating the funding status of IPERS for the fiscal year noted herein, see IPERS ACFRs

(2) Source: the Issuer

## Investment of Public Funds (1)

The Issuer invests its funds pursuant to Chapter 12B of the Code. Presented below is the District's investing activities as of March 31, 2022.

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	\$0
Local Bank Deposit Accounts	3,054,813
Local Bank Time CD's	4,338,248
ISJIT Money Market	0
ISJIT Time CD's	0

## Major Employers (2)

Presented below is a summary of the largest employers in the District:

<u>Employer</u>	<u>Business</u>	<u>Approximate Employees</u>
Double S Truck Line	Trucking	50-99
Estes Express Line	Trucking	50-99
Scoular Co.	Grain Elevator	20-49
Titan Machinery	Farm Machinery	20-49
Love's Travel Stop	Truck stop	20-49
Avoca Foodland	Grocery Store	20-49
Chapman Metering	Electric equipment service and repair	20-49
Peace Have Senior Living	Retirement community	20-49
Avoca Nursing & Rehab	Nursing home	20-49
McDonalds	Fast food restaurant	20-49
Embers	Restaurant	20-49
Prairie Rose Sign	Sign manufacturer	10-19
Motel 6	Motel	10-19
Super 8 Motel	Motel	10-19
Midstates Bank	Banking services	10-19
Upwind Solutions	Energy conservation and management consultants	10-19
Xpo Logistics	Logistics	10-19
Casey's	Convenience store	10-19
Flying J	Truck stop	10-19
Greenway Transportation	Heavy hauling trucking	10-19
Wings Repair & Towing	Wrecker service	10-19
Van Wall Equipment	Farm machinery	10-19

## Property Tax Assessment (3)

In compliance with section 441.21 of the Code of Iowa, as amended, the State Director of Revenue annually directs all county auditors to apply prescribed statutory percentages to the assessments of certain categories of real property. The final values, called Actual Valuation, are then adjusted by the County Auditor. Assessed or Taxable Valuation subject to tax levy is then determined by the application of State determined rollback percentages, principally to residential and commercial property.

Beginning in 1978, the State required a reduction in Actual Valuation to reduce the impact of inflation on its residents. The resulting value is defined as the Assessed or Taxable Valuation. The rollback percentages for residential, agricultural and commercial valuations are as follows:

<u>Fiscal Year</u>	<u>Residential Rollback</u>	<u>Ag. Land &amp; Buildings</u>	<u>Commercial</u>	<u>Multi-residential</u>	<u>Utilities</u>
2022-23	54.1302	89.0412	90.0000	63.7500	100.0000
2021-22	56.4094	84.0305	90.0000	67.5000	98.5489
2020-21	55.0743	81.4832	90.0000	71.2500	100.0000
2019-20	55.6209	54.4480	90.0000	75.0000	100.0000
2018-19	56.9391	47.4996	90.0000	78.7500	100.0000

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2019 are used to calculate tax liability for the tax year starting July 1, 2020 through June 30, 2021. Presented below are the historic property valuations of the Issuer by class of property.

- (1) Source: the Issuer
- (2) Source: Locationone.com
- (3) Source: Iowa Department of Revenue

## Property Valuations (1)

Actual Valuation					
Valuation as of January	2021	2020	2019	2018	2017
<u>Fiscal Year</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Residential:	262,866,215	201,333,780	187,829,099	177,427,768	171,640,180
Agricultural Land:	251,912,939	256,443,812	256,489,986	379,590,491	379,634,395
Ag Buildings:	6,271,985	6,191,953	6,701,192	8,610,881	8,558,650
Commercial:	43,881,475	26,188,461	22,213,729	21,552,887	21,188,479
Industrial:	139,306,607	138,866,490	138,555,565	138,470,430	138,422,594
Multiresidential:	3,785,145	2,713,021	2,201,336	1,923,754	4,663,792
Personal RE:	0	0	0	0	0
Railroads:	4,693,330	4,576,827	4,529,906	4,391,009	4,230,304
Utilities:	4,237,925	4,965,977	6,350,090	7,005,742	6,595,627
Other:	272	272	272	0	0
Total Valuation:	716,955,893	641,280,593	624,871,175	738,972,962	734,934,021
Less Military:	550,044	579,676	600,048	616,716	629,680
Net Valuation:	716,405,849	640,700,917	624,271,127	738,356,246	734,304,341
TIF Valuation:	13,190,970	62,222,942	72,121,017	72,791,282	70,696,790
Utility Replacement:	58,279,662	48,647,835	54,086,839	55,261,689	49,697,566
Taxable Valuation					
Valuation as of January	2021	2020	2019	2018	2017
<u>Fiscal Year</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Residential:	139,428,736	97,433,867	84,417,135	82,600,000	77,396,352
Agricultural Land:	224,305,298	215,472,199	208,974,460	212,985,719	206,614,550
Ag Buildings:	5,584,633	5,202,506	5,459,640	4,831,285	4,657,782
Commercial:	38,819,268	21,236,771	17,250,684	16,626,384	16,301,225
Industrial:	125,375,548	124,941,345	124,651,874	124,574,123	124,531,071
Multiresidential:	2,340,775	1,386,648	1,066,403	1,017,918	3,332,817
Personal RE:	0	0	0	0	0
Railroads:	4,223,997	4,119,144	4,076,915	3,951,908	3,807,274
Utilities:	4,237,925	4,893,915	6,350,090	7,005,742	6,595,627
Other:	272	272	272	0	0
Total Valuation:	544,316,452	474,686,667	452,247,473	453,593,079	443,236,698
Less Military:	550,044	579,676	600,048	616,716	629,680
Net Valuation:	543,766,408	474,106,991	451,647,425	452,976,363	442,607,018
TIF Valuation:	13,190,970	62,222,942	72,121,017	72,791,282	70,696,790
Utility Replacement:	21,382,273	19,410,715	21,382,483	22,825,317	22,626,697

Valuation	Fiscal	Actual	% Change in	Taxable	% Change in
Year	Year	Valuation	Actual	Valuation	Taxable
		w/ Utilities	Valuation	DS - PPEL	Valuation
2021	2023	787,876,481	4.83%	578,339,651	4.07%
2020	2022	751,571,694	0.15%	555,740,648	1.94%
2019	2021	750,478,983	-13.38%	545,150,925	-0.63%
2018	2020	866,409,217	1.37%	548,592,962	2.36%
2017	2019	854,698,697	-6.91%	535,930,505	-0.57%

(1) Source: Iowa Department of Management

## Tax Rates (1)

Presented below are the taxes levied by the District for the fund groups as presented, for the period indicated:

Former A-H-S-T area:

<u>Fiscal Year</u>	<u>Operating</u>	<u>Management</u>	<u>Board PPEL</u>	<u>V PPEL</u>	<u>Playground</u>	<u>Debt</u>	<u>Schoolhouse</u>	<u>Total Levy</u>
2022	8.52070	1.01313	0.33000	1.00000	0.00000	0.00000	0.00000	10.86383
2021	9.01810	0.65535	0.33000	1.00000	0.00000	0.00000	0.00000	11.00345
2020	8.59321	0.43085	0.33000	1.00000	0.00000	0.00000	0.00000	10.35406
2019	7.76737	0.21495	0.33000	1.00000	0.00000	0.74655	0.00000	10.05887
2018	7.44031	0.00000	0.33000	1.00000	0.00000	2.24536	0.00000	11.01567

Former Walnut area:

<u>Fiscal Year</u>	<u>Operating</u>	<u>Management</u>	<u>Board PPEL</u>	<u>V PPEL</u>	<u>Playground</u>	<u>Debt</u>	<u>Schoolhouse</u>	<u>Total Levy</u>
2022	8.52070	1.01313	0.33000	1.00000	0.00000	0.00000	0.00000	10.86383
2021	9.01810	0.65535	0.33000	1.00000	0.00000	0.00000	0.00000	11.00345
2020	8.59321	0.43085	0.33000	1.00000	0.00000	0.00000	0.00000	10.35406
2019	7.68797	0.21495	0.33000	1.00000	0.00000	0.74655	0.00000	9.97947
2018	7.28099	0.00000	0.33000	1.00000	0.00000	2.24536	0.00000	10.85635

## Historic Tax Rates (1)

Presented below are the tax rates by taxing entity for residents of the City of Avoca:

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2022	15.15151	10.86383	1.45808	0.00260	0.34367	0.26158	0.00000	7.84965	0.00000	35.93092
2021	15.28260	11.00345	1.29710	0.00270	0.35575	0.27532	0.00000	8.09573	0.00000	36.31265
2020	14.83797	10.35406	1.30529	0.00280	0.35653	0.26689	0.00000	8.09573	0.00000	35.21927
2019	14.83783	10.05887	1.30877	0.00290	0.35557	0.26158	0.00000	8.09573	0.00000	34.92125
2018	14.83782	11.01567	1.28565	0.00310	0.34745	0.25892	0.00000	8.14576	0.00000	35.89437

Presented below are the tax rates by taxing entity for residents of the City of Hancock:

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2022	11.09670	10.86383	1.45808	0.00260	0.34367	0.26158	0.00000	7.84965	0.00000	31.87611
2021	11.13051	11.00345	1.29710	0.00270	0.35575	0.27532	0.00000	8.09573	0.00000	32.16056
2020	11.18954	10.35406	1.30529	0.00280	0.35653	0.26689	0.00000	8.09573	0.00000	31.57084
2019	11.12884	10.05887	1.30877	0.00290	0.35557	0.26158	0.00000	8.09573	0.00000	31.21226
2018	10.40511	11.01567	1.28565	0.00310	0.34745	0.25892	0.00000	8.14576	0.00000	31.46166

Presented below are the tax rates by taxing entity for residents of the City of Shelby:

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2022	10.30075	10.86383	1.45808	0.00260	0.34367	0.26158	0.00000	7.84965	0.00000	31.08016
2021	10.05071	11.00345	1.29710	0.00270	0.35575	0.27532	0.00000	8.09573	0.00000	31.08076
2020	10.00103	10.35406	1.30529	0.00280	0.35653	0.26689	0.00000	8.09573	0.00000	30.38233
2019	8.68145	10.05887	1.30877	0.00290	0.35557	0.26158	0.00000	8.09573	0.00000	28.76487
2018	8.68171	11.01567	1.28565	0.00310	0.34745	0.25892	0.00000	8.14576	0.00000	29.73826

Presented below are the tax rates by taxing entity for residents of the City of Tennat:

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2022	6.66911	10.86383	1.45808	0.00260	0.34367	0.26158	0.00000	7.84965	0.00000	27.44852
2021	6.69961	11.00345	1.29710	0.00270	0.35575	0.27532	0.00000	8.09573	0.00000	27.72966
2020	6.69948	10.35406	1.30529	0.00280	0.35653	0.26689	0.00000	8.09573	0.00000	27.08078
2019	6.69955	10.05887	1.30877	0.00290	0.35557	0.26158	0.00000	8.09573	0.00000	26.78297
2018	6.69008	11.01567	1.28565	0.00310	0.34745	0.25892	0.00000	8.14576	0.00000	27.74663

Presented below are the tax rates by taxing entity for residents of the City of Walnut:

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2022	15.50113	10.86383	1.45808	0.00260	0.34367	0.26158	0.00000	7.84965	0.00000	36.28054
2021	15.45735	11.00345	1.29710	0.00270	0.35575	0.27532	0.00000	8.09573	0.00000	36.48740
2020	15.06307	10.35406	1.30529	0.00280	0.35653	0.26689	0.00000	8.09573	0.00000	35.44437
2019	15.10739	9.97947	1.30877	0.00290	0.35557	0.26158	0.00000	8.09573	0.00000	35.11141
2018	14.45707	10.85635	1.28565	0.00310	0.34745	0.25892	0.00000	8.14576	0.00000	35.35430

(1) Source: Iowa Department of Management

## Tax Collection History (2)

Presented below are the actual ad-valorem tax levies and collections for the periods indicated:

<u>Fiscal</u> <u>Year</u>	<u>Amount</u> <u>Levied</u>	<u>Amount</u> <u>Collected</u>	<u>Percentage</u> <u>Collected</u>
2022	5,492,634	In collection	NA
2021	5,305,987	5,381,939	101.43%
2020	5,032,654	5,120,511	101.75%
2019	4,823,721	4,869,249	100.94%
2018	5,402,400	5,402,106	99.99%
2017	5,479,831	5,434,762	99.18%

## Largest Taxpayers (1) (2)

Set forth in the following table are the persons or entities which represent the 2021 largest taxpayers within the Issuer. No independent investigation has been made of and no representation is made herein as to the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the District. The District's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the District from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>2021 Taxable Valuation</u>	<u>Percent of Total</u>
MidAmerican Energy Co	\$95,085,649	16.44%
Menard Inc	27,801,609	4.81%
Mid American Electric	15,538,995	2.69%
Iowa Interstate Railroad	4,223,997	0.73%
Loves Travel Stops-Country Stores Inc	3,970,710	0.69%
Scoular Co	3,760,381	0.65%
Schultz, Gary Trust	3,226,575	0.56%
Eagles Landing Properties Avoca LLC	3,178,800	0.55%
Northern Natural Gas Pipeline	2,465,621	0.43%
Farm Service Coop	2,376,000	0.41%
	Total	27.95%

(1) Source: the Issuer

(2) Source: Cass, Harrison, Pottawattamie and Shelby County Auditors' Offices

(3) Utility Property Tax Replacement. Beginning in 1999, the State replaced its previous property tax assessment procedure in valuing the property of entities involved primarily in the production, delivery, service and sale of electricity and natural gas with a replacement tax formula based upon the delivery of energy by these entities. Electric and natural gas utilities now pay replacement taxes to the State in lieu of property taxes. All replacement taxes are allocated among local taxing cities by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Properties of these utilities are exempt from the levy of property tax by political subdivisions. Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State. The utility replacement tax statute states that the utility replacement tax collected by the State and allocated among local taxing cities (including the Issuer) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. However, utility property is not subject to the levy of property tax by political subdivisions, only the utility replacement tax and statewide property tax. It is possible that the Issuer's authority to levy taxes to pay principal and interest on the Bonds could be adjudicated to be proportionately reduced in future years if the utility replacement tax were to be other than "taxable property" for purposes of computing the Issuer's levy limit under Iowa Code Section 298.18, as amended from time to time. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds.

## Direct Debt

### General Obligation School Bonds (Debt Service) (1)

Presented below is the principal and interest on the District's outstanding general obligation bonds, presented by fiscal year and issue, including an estimate of the Bonds:

<u>Fiscal Year</u>	<u>6/1/22</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&amp;I</u>
2023	810,000	810,000	542,489	1,352,489
2024	470,000	470,000	525,575	995,575
2025	495,000	495,000	502,075	997,075
2026	520,000	520,000	477,325	997,325
2027	545,000	545,000	451,325	996,325
2028	575,000	575,000	424,075	999,075
2029	600,000	600,000	395,325	995,325
2030	535,000	535,000	365,325	900,325
2031	555,000	555,000	343,925	898,925
2032	575,000	575,000	321,725	896,725
2033	600,000	600,000	298,725	898,725
2034	625,000	625,000	274,725	899,725
2035	650,000	650,000	249,725	899,725
2036	675,000	675,000	223,725	898,725
2037	700,000	700,000	196,725	896,725
2038	730,000	730,000	168,725	898,725
2039	760,000	760,000	137,700	897,700
2040	795,000	795,000	105,400	900,400
2041	825,000	825,000	71,613	896,613
2042	860,000	860,000	36,550	896,550
Totals:	12,900,000	12,900,000	6,112,776	19,012,776

### General Obligation School Capital Loan Notes (PPEL) (1)

The Issuer does not have any outstanding General Obligation School Capital Loan Notes.

### Anticipatory Warrants (1)

The Issuer has not issued anticipatory warrants during the past five years.

### School Infrastructure Sales, Services & Use Tax Revenue Bonds (1)

Presented below is the principal and interest on the Issuer's outstanding School Infrastructure Sales, Services & Use Tax Revenue Bonds, presented by fiscal year and issue.

<u>Fiscal Year</u>	<u>10/17/16</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&amp;I</u>	<u>Total Obligation</u>
2022	375,000	375,000	88,425	463,425	463,425
2023	385,000	385,000	78,300	463,300	463,300
2024	395,000	395,000	67,905	462,905	462,905
2025	400,000	400,000	57,240	457,240	457,240
2026	415,000	415,000	46,440	461,440	461,440
2027	425,000	425,000	35,235	460,235	460,235
2028	435,000	435,000	23,760	458,760	458,760
2029	445,000	445,000	12,015	457,015	457,015
Totals:	3,275,000	3,275,000	409,320	3,684,320	3,684,320

(1) Source: the Issuer

### Debt Limit (1) (2) (3)

The amount of general obligation debt a political subdivision of the State of Iowa can incur is controlled by the constitutional debt limit, which is an amount equal to 5% of the actual value of property within the corporate limits, taken from the last County Tax list. The District's debt limit, based upon said valuation, amounts to the following:

	<u>FY23</u>	<u>FY22</u>
Actual Valuation:	787,876,481	751,571,694
X	0.05	0.05
Statutory Debt Limit:	39,393,824	37,578,585
Total General Obligation Debt:	12,900,000	12,900,000
Total Lease Purchases:	0	0
Total Loan Agreements:	0	0
Capital Leases:	0	0
Total Debt Subject to Limit:	12,900,000	12,900,000
Percentage of Debt Limit Obligated:	32.75%	34.33%

It has not been determined whether the District's Sales Tax Revenue Bonds do or do not count against the constitutional debt limit. If the Bonds do count against the constitutional debt limit, the amount of debt subject to the debt limit would increase \$3,275,000 to be \$16,175,000, or 43.04% of the statutory debt limit.

- (1) Direct debt source: the Issuer
- (2) Valuation data source: Iowa Department of Management
- (3) Utility Property Tax Replacement

Beginning in 1999, the State replaced its previous property tax assessment procedure in valuing the property of entities involved primarily in the production, delivery, service and sale of electricity and natural gas with a replacement tax formula based upon the delivery of energy by these entities. Electric and natural gas utilities now pay replacement taxes to the State in lieu of property taxes. All replacement taxes are allocated among local taxing cities by the State Department of Revenue and Finance and the Department of Management. This allocation is made in accordance with a general allocation formula developed by the Department of Management on the basis of general property tax equivalents. Properties of these utilities are exempt from the levy of property tax by political subdivisions. Utility property will continue to be valued by a special method as provided in the statute and taxed at the rate of three cents per one thousand dollars for the general fund of the State.

It is possible that the general obligation debt capacity of the Issuer could be adjudicated to be proportionately reduced in future years if utility property were determined to be other than "taxable property" for purposes of computing the Issuer's debt limit under Article XI of the Constitution of the State of Iowa. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds.

### Overlapping & Underlying Debt (1) (3)

Presented below is a listing of the overlapping and underlying debt outstanding of issuers within the Issuer.

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2020 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City of Avoca	\$1,574,009	\$68,765,882	\$68,765,882	100.00%	\$1,574,009
City of Hancock	0	9,414,619	9,414,619	100.00%	0
City of Shelby	1,113,361	53,658,694	53,658,694	100.00%	1,113,361
City of Tennant	0	2,436,978	2,303,830	94.54%	0
City of Walnut	460,000	25,117,632	25,117,632	100.00%	460,000
Cass County	2,075,000	1,125,359,387	3,213,944	0.29%	5,926
Harrison County	6,175,000	1,084,024,380	10,263,593	0.95%	58,465
Pottawattamie County	7,260,000	5,683,519,540	419,957,456	7.39%	536,444
Shelby County	0	972,580,911	122,305,655	12.58%	0
Iowa Western Community College	64,360,000	11,485,941,467	555,740,648	4.84%	3,114,021
Green Hills AEA	0	15,280,352,546	555,740,648	3.64%	0

Total Overlapping & Underlying Debt: \$6,862,227

**Financial Summary (1) (2) (3) (4)**

Actual Value of Property, 2021:	\$787,876,481
Taxable Value of Property, 2021:	578,339,651
Direct General Obligation Debt:	\$12,900,000
Overlapping Debt:	6,862,227
Direct & Overlapping General Obligation Debt:	\$19,762,227
Population, 2020 US Census:	4,947
Direct Debt per Capita:	\$2,607.64
Total Debt per Capita:	\$3,994.79
Direct Debt to Taxable Valuation:	2.23%
Total Debt to Taxable Valuation:	3.42%
Direct Debt to Actual Valuation:	1.64%
Total Debt to Actual Valuation:	2.51%
Actual Valuation per Capita:	\$159,263
Taxable Valuation per Capita:	\$116,907

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(1) Valuation source: Iowa Department of Management

(2) Direct debt source: the Issuer

(3) Overlapping debt outstanding source: Treasurer, State of Iowa; where available, EMMA.MSRB.ORG

(4) Population source: U.S. Census Bureau

## APPENDIX B – FORM OF LEGAL OPINION

### DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the AHSTW Community School District in the Counties of Cass, Harrison, Pottawattamie, and Shelby, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2022, by said Issuer, dated the date of delivery, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$ \_\_\_\_\_ (the "Bonds").

We have examined the law and certified proceedings and other papers as we deem necessary to render this opinion as bond counsel.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution authorizing issuance of the Bonds (the "Resolution") and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination and in reliance upon the certified proceedings and other certifications described above, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

AHLERS & COONEY, P.C.

## APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

### DRAFT

#### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the AHSTW Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$ \_\_\_\_\_ General Obligation School Bonds, Series 2022 (the "Bonds"), dated the date of delivery. The Bonds are being issued pursuant to a Resolution of the Issuer approved on June 1, 2022 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate; Interpretation. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). This Disclosure Certificate shall be governed by, construed, and interpreted in accordance with the Rule, and, to the extent not in conflict with the Rule, the laws of the State. Nothing herein shall be interpreted to require more than required by the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer, or any Dissemination Agent designated in writing by the Issuer, and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with S.E.C. Rule 15c2-12.

"Holders" shall mean the registered holders of the Bonds, as recorded in the registration books of the Registrar.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, 1300 I Street NW, Suite 1000, Washington, DC 20005.

"National Repository" shall mean the MSRB's Electronic Municipal Market Access website, a/k/a "EMMA" (emma.msrb.org).

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated \_\_\_\_\_, 2022.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (S.E.C.) under the Securities Exchange Act of 1934, and any guidance and procedures thereunder published by the S.E.C., as the same may be amended from time to time.

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

- a. The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April of each year following the close of the Issuer's fiscal year (presently June 30th), commencing with information for the 2021/2022 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure

Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

- b. If the Issuer is unable to provide to the National Repository the Annual Financial Information by the date required in subsection (a), the Issuer shall send a notice to the Municipal Securities Rulemaking Board, if any, in substantially the form attached as Exhibit A.
- c. The Dissemination Agent shall:
  - i. each year file Annual Financial Information with the National Repository; and
  - ii. (if the Dissemination Agent is other than the Issuer), file a report with the Issuer certifying that the Annual Financial Information has been filed pursuant to this Disclosure Certificate, stating the date it was filed.

Section 4. Content of Annual Financial Information. The Issuer's Annual Financial Information filing shall contain or incorporate by reference the following:

- a. The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.
- b. A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the captions "Property Valuations," "Tax Rates," "Historic Tax Rates," "Tax Collection History," "Direct Debt," "Debt Limit," and "Financial Summary."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been filed with the National Repository. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

- a. Pursuant to the provisions of this Section, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than 10 Business Days after the day of the occurrence of the event:
  - i. Principal and interest payment delinquencies;
  - ii. Non-payment related defaults, if material;
  - iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - iv. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
  - v. Substitution of credit or liquidity providers, or their failure to perform;
  - vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Series Bonds, or material events affecting the tax-exempt status of the Bonds;
  - vii. Modifications to rights of Holders of the Bonds, if material;
  - viii. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
  - ix. Defeasances of the Bonds;
  - x. Release, substitution, or sale of property securing repayment of the Bonds, if material;
  - xi. Rating changes on the Bonds;
  - xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
  - xiii. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
  - xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.
- b. Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject

to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

- c. If the Issuer determines that knowledge of the occurrence of a Listed Event is not subject to materiality, or determines such occurrence is subject to materiality and would be material under applicable federal securities laws, the Issuer shall promptly, but not later than 10 Business Days after the occurrence of the event, file a notice of such occurrence with the Municipal Securities Rulemaking Board through the filing with the National Repository.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate with respect to each Series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds of that Series or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- a. If the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- b. The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c. The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Financial Information filing, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Financial Information filing for the year in which the change is made will present a comparison or other discussion in narrative form (and also, if feasible, in quantitative form) describing or illustrating the material differences between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall

survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 12. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: Date of Delivery

AHSTW COMMUNITY SCHOOL DISTRICT,  
STATE OF IOWA

By: \_\_\_\_\_  
President of the Board of Directors

ATTEST:

By: \_\_\_\_\_  
Secretary of the Board of Directors

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE  
TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: AHSTW Community School District, Iowa.

Name of Bond Issue: \$\_\_\_\_\_ General Obligation School Bonds, Series 2022

Dated Date of Issue: Date of Delivery

NOTICE IS HEREBY GIVEN that the Issuer has not provided Annual Financial Information with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate delivered by the Issuer in connection with the Bonds. The Issuer anticipates that the Annual Financial Information will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

AHSTW COMMUNITY SCHOOL DISTRICT,  
STATE OF IOWA

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## **APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**

This Appendix contains the entire 2021 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link <https://www.auditor.iowa.gov/reports/audit-reports>

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**AHSTW COMMUNITY SCHOOL DISTRICT**  
**INDEPENDENT AUDITORS' REPORT**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2021**

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# AHSTW COMMUNITY SCHOOL DISTRICT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
-------------	--------------	---------------------

### Board of Education

Bernadette Hatch	President	2021
Bobbi Lund	Vice President	2021
Katie Goshorn	Board Member	2021
Allen Cordes	Board Member	2023
Steve Kock	Board Member	2023
Jon Mitchell	Board Member	2023
Kimberly Wise	Board Member	2023

### School Officials

Darin Jones	Superintendent	2021
Kelly Allen	School Business Official/Board Secretary	2021
Ahlens & Cooney, P.C.	Attorney	2021



Diane McGrain, CPA  
Jim Menard, CPA  
Kelsey Peterson, CPA

December 6, 2021

## INDEPENDENT AUDITORS' REPORT

The Board of Education  
AHSTW Community School District  
Avoca, IA 51521

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of AHSTW Community School District, Avoca, Iowa, as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Continued...

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council bluffs, iowa 51503  
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[www.schroer-cpa.com](http://www.schroer-cpa.com)

December 6, 2021  
AHSTW Community School District  
Independent Auditors' Report

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of AHSTW Community School District as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise AHSTW Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

December 6, 2021  
AHSTW Community School District  
Independent Auditors' Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021 on our consideration of AHSTW Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AHSTW Community School District's internal control over financial reporting and compliance.

*Schroer & Associates, P.C.*

Schroer & Associates, P.C.  
Council Bluffs, Iowa

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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AHSTW Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2021 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$9,795,736 in fiscal year 2020 to \$10,463,555 in fiscal year 2021, while General Fund expenditures increased from \$9,196,785 in fiscal year 2020 to \$9,528,463 in fiscal year 2021. The District's General Fund balance increased from \$1,933,473 at the end of fiscal year 2020 to \$2,860,616 in fiscal year 2021, a 48.0% increase.
- The fiscal year 2021 General Fund revenue increase was attributable to increases in property taxes and federal sources. The increase in General Fund expenditures was due to increase in instruction costs.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of AHSTW Community School District as a whole and present an overall view of the District's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report AHSTW Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which AHSTW Community School District acts solely as an agent or custodian for the benefit of those outside of the District.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.
- Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

## REPORTING OF DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating, respectively. To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

1. *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance District's programs. The District's governmental funds include the General Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

2. *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way the government-wide statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business-type activities but provide more detail and additional information such as cash flows. The District's proprietary funds include the School Nutrition Fund and the Internal Service Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

3. *Fiduciary funds*: The District is the trustee or fiduciary for assets that belong to others. These funds include Private-Purpose Trust, as follows:

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net position** – Figure A-1 below provides a summary of the District's net position at June 30, 2021 compared to June 30, 2020.

Figure A-1 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change June 30, 2020-2021
	2021	2020	2021	2020	2021	2020	
Current and other assets	\$ 13,255	11,212	112	77	13,367	11,289	18.4%
Capital assets	14,360	14,983	49	59	14,409	15,042	-4.2%
Total assets	27,615	26,195	161	136	27,776	26,331	5.5%
Deferred outflows of resources	1,058	1,027	13	21	1,071	1,048	2.2%
Long-term liabilities	8,273	7,942	99	84	8,372	8,026	4.3%
Other liabilities	1,290	1,342	11	20	1,301	1,362	-4.5%
Total liabilities	9,563	9,284	110	104	9,673	9,388	3.0%
Deferred inflows of resources	5,734	6,002	5	15	5,739	6,017	-4.6%
Net position							
Net investment in capital assets	10,720	10,988	49	59	10,769	11,047	-2.5%
Restricted	3,128	2,213	-	-	3,128	2,213	41.3%
Unrestricted	(472)	(1,265)	10	(21)	(462)	(1,286)	64.1%
Total net position	\$ 13,376	11,936	59	38	13,435	11,974	12.2%

The District's total net position increased by 12.2% or approximately \$1,461,000 from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted net position increased approximately \$915,000 or 41.3% from the prior year.

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The unrestricted net position increased \$824,000 or approximately 64.1%.

**Changes in net position** – Figure A-2 shows the changes in net position for the year ended June 30, 2021 compared to June 30, 2020.

Figure A-2 Changes in Net Position (Expressed in Thousands)							
	Governmental Activities June 30,		Business Type Activities June 30,		Total District June 30,		Total Change June 30,
	2021	2020	2021	2020	2021	2020	2020-2021
Revenue							
Program revenues:							
Charges for services	\$ 430	412	71	122	501	534	-6.2%
Operating grants, contributions and restricted interest	2,297	1,807	418	184	2,715	1,991	36.4%
Capital grants, contributions and restricted interest	47	51	-	-	47	51	-7.8%
General revenues:							
Property tax	5,371	5,120	-	-	5,371	5,120	4.9%
Income surtax	463	411	-	-	463	411	12.7%
Statewide sales, services and use tax	779	813	-	-	779	813	-4.2%
Unrestricted state grants	3,050	3,114	-	-	3,050	3,114	-2.1%
Unrestricted investment earnings	29	17	-	-	29	17	70.6%
Other	26	35	-	-	26	35	-25.7%
Total revenues	12,492	11,780	489	306	12,981	12,086	7.4%
Program expenses:							
Instruction	6,919	6,653	-	-	6,919	6,653	4.0%
Support services	3,229	3,107	-	-	3,229	3,107	3.9%
Non-instructional programs	-	-	468	338	468	338	38.5%
Other expenses	904	883	-	-	904	883	2.4%
Total expenses	11,052	10,643	468	338	11,520	10,981	4.9%
Changes in net position	1,440	1,137	21	(32)	1,461	1,105	32.2%
Net position beginning of year	11,936	10,799	38	70	11,974	10,869	10.2%
Net position end of year	\$ 13,376	11,936	59	38	13,435	11,974	12.2%

In fiscal year 2021, property and other tax and unrestricted state grants accounted for 77.3% of governmental activities revenue, while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue. The District's total revenues were approximately \$12,981,000, of which approximately \$12,492,000 was for governmental activities and \$489,000 was for business type activities.

As shown in figure A-2, the District as a whole experienced a 7.4% increase in revenue and a 4.9% increase in expenses. An increase in operating grants attributed to the increase in revenue.

### Governmental Activities

Revenues for governmental activities were \$12,492,215 for fiscal year 2021 and expenses were \$11,052,404 for the year ended June 30, 2021.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs, and other expenses, for the year ended June 30, 2021 compared to those expenses for the year ended June 30, 2020.

Figure A-3 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2021	2020	Change 2020-2021	2021	2020	Change 2020-2021
Instruction	\$ 6,919	6,653	4.0%	4,726	4,940	-4.3%
Support services	3,229	3,107	3.9%	3,049	2,948	3.4%
Other expenses	904	883	2.4%	503	486	3.5%
Total	\$ 11,052	10,643	3.8%	8,278	8,374	-1.1%

For the year ended June 30, 2021:

- The cost financed by users of the District's programs was \$430,284.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,343,356.
- The net cost of governmental activities was financed with \$6,613,319 in property and other taxes, and \$3,049,764 in unrestricted state grants.

### **Business-Type Activities**

Revenues of the District's business-type activities were \$488,784 for 2021, and expenses were \$467,837 for 2021. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements, and investment income.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, the AHSTW Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$5,912,793 for 2021 and \$4,082,880 for 2020. The primary reason for the increase in combined fund balances in fiscal 2021 is due to less construction project costs in 2021 and additional federal source revenue.

### **Governmental Fund Highlights**

- The District's increase in General Fund financial position is the product of many factors. The major factor for the increase in fund balance was excess of revenues over expenditures. The General Fund balance increased from \$1,933,473 to \$2,860,616.
- The Capital Projects Fund balance increased from \$1,487,783 to \$2,171,805 due to less construction projects in 2021.

### **Proprietary Fund Highlights**

The School Nutrition Fund net position increased from \$38,515 at June 30, 2020 to \$59,462 at June 30 2021.

### **BUDGETARY HIGHLIGHTS**

The District's total revenues were \$811,543 more than total budgeted revenues.

Total expenditures were \$936,729 less than budgeted, due primarily to the District's budget for support services.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2021, the District had invested approximately \$14,409,000, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$710,444.

The original cost of the District's capital assets was \$21,785,409. Governmental funds account for \$21,563,555 with the remainder of \$221,874 in the Proprietary, School Nutrition Fund.

The significant capital asset activities during the year included vehicle purchases.

Figure A-4 Capital Assets, net of Depreciation (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2021	2020	2021	2020	2021	2020	2020-2021
Land	\$ 377	377	-	-	377	377	0.0%
Construction in progress	3	-	-	-	3	-	-
Buildings	12,849	13,198	-	-	12,849	13,198	-2.6%
Improvements other than buildings	669	741	-	-	669	741	-9.7%
Machinery and equipment	462	667	49	59	511	726	-29.8%
Total	\$ 14,360	14,983	49	59	14,409	15,042	-4.2%

### Long-Term Debt

At June 30, 2021 the District had long term debt outstanding of \$3,640,000. (See Figure A-5) More detailed information about the District's long term liabilities is available in Note 6 to the financial statements.

Figure A-5 Outstanding Long-Term Obligations (Expressed in Thousands)			
	Total District	Total District	Total Change
	June 30,	June 30,	June 30,
	2021	2020	2020-2021
Revenue bonds	\$ 3,640	3,995	-8.9%

## ECONOMIC FACTORS THAT BEAR ON THE DISTRICT'S FUTURE

- The District is always looking at ways to reduce expenditures.
- Fluctuations in enrollment.
- The District has experienced low state supplement aid. The increase in state aid being set only six months prior to the next fiscal year impacts the District's ability to predict future budgets.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kelly Allen, School Business Official/Board Secretary, AHSTW Community School District, 768 S Maple Street, Avoca, Iowa 51521.

## **BASIC FINANCIAL STATEMENTS**

**AHSTW COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 7,070,850	99,717	7,170,567
Receivables:			
Property tax:			
Delinquent	37,849	-	37,849
Succeeding year	5,492,634	-	5,492,634
Income surtax	428,233	-	428,233
Accounts	-	2,859	2,859
Due from other governments	219,037	9,192	228,229
Prepaid expenses	6,424	-	6,424
Capital assets, net of accumulated depreciation	14,360,355	49,017	14,409,372
Total assets	27,615,382	160,785	27,776,167
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,058,295	13,414	1,071,709
<b>Liabilities</b>			
Accounts payable	360,217	7,342	367,559
Due to other governments	24,159	-	24,159
Salaries & benefits payable	856,557	3,579	860,136
Accrued interest payable	49,140	-	49,140
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	365,000	-	365,000
Compensated absences	15,503	-	15,503
Portion due after one year:			
Revenue bonds	3,275,000	-	3,275,000
Net pension liability	4,478,587	98,799	4,577,386
Net OPEB liability	139,331	-	139,331
Total liabilities	9,563,494	109,720	9,673,214
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	5,492,634	-	5,492,634
Pension related deferred inflows	200,107	5,017	205,124
OPEB related deferred inflows	41,573	-	41,573
Total deferred inflows of resources	5,734,314	5,017	5,739,331
<b>Net Position</b>			
Net investment in capital assets	10,720,355	49,017	10,769,372
Restricted for:			
General fund reserves	117,150	-	117,150
Debt service	365,062	-	365,062
Management levy purposes	473,838	-	473,838
Capital projects	599,462	-	599,462
Physical plant and equipment levy	1,572,343	-	1,572,343
Unrestricted	(472,341)	10,445	(461,896)
Total net position	\$ 13,375,869	59,462	13,435,331

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities
<b>Governmental activities:</b>						
<b>Instruction:</b>						
Regular instruction	\$ 4,402,139	276,471	1,609,736	-	(2,515,932)	-
Special instruction	1,932,495	66,551	148,043	-	(1,717,901)	-
Other instruction	584,733	87,262	4,821	-	(492,650)	-
	<u>6,919,367</u>	<u>430,284</u>	<u>1,762,600</u>	<u>-</u>	<u>(4,726,483)</u>	<u>-</u>
<b>Support services:</b>						
Student services	236,383	-	84,580	-	(151,803)	-
Instructional staff services	424,355	-	-	-	(424,355)	-
Administration services	1,152,267	-	-	-	(1,152,267)	-
Operation & maintenance of plant services	1,037,141	-	-	-	(1,037,141)	-
Transportation services	378,826	-	95,051	-	(283,775)	-
	<u>3,228,972</u>	<u>-</u>	<u>179,631</u>	<u>-</u>	<u>(3,049,341)</u>	<u>-</u>
<b>Other expenditures:</b>						
Facilities acquisition	21,564	-	-	46,804	25,240	-
Long-term debt interest	98,280	-	-	-	(98,280)	-
AEA flowthrough	354,321	-	354,321	-	-	-
Depreciation (unallocated)*	429,900	-	-	-	(429,900)	-
	<u>904,065</u>	<u>-</u>	<u>354,321</u>	<u>46,804</u>	<u>(502,940)</u>	<u>-</u>
Total governmental activities	<u>11,052,404</u>	<u>430,284</u>	<u>2,296,552</u>	<u>46,804</u>	<u>(8,278,764)</u>	<u>-</u>
<b>Non-instructional programs:</b>						
Nutrition services	467,837	70,605	418,119	-	-	20,887
Total business type activities	<u>467,837</u>	<u>70,605</u>	<u>418,119</u>	<u>-</u>	<u>-</u>	<u>20,887</u>
<b>Total</b>	<u>\$ 11,520,241</u>	<u>500,889</u>	<u>2,714,671</u>	<u>46,804</u>	<u>(8,278,764)</u>	<u>20,887</u>
<b>General Revenues:</b>						
Property and other tax levied for:						
General purposes					4,626,835	-
Capital outlay					744,108	-
Income surtax					462,869	-
Statewide sales, services and use tax					779,507	-
Unrestricted state grants					3,049,764	-
Unrestricted investment earnings					28,874	60
Other					26,618	-
Total general revenues					<u>9,718,575</u>	<u>60</u>
Change in net position					1,439,811	20,947
Net position beginning of year					<u>11,936,058</u>	<u>38,515</u>
Net position end of year					<u>\$ 13,375,869</u>	<u>59,462</u>
						<u>13,435,331</u>

\*This amount excludes the depreciation that is included in the direct expense of the various programs

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
GOVERNMENTAL FUND  
BALANCE SHEET  
YEAR ENDED JUNE 30, 2021**

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 3,885,753	2,117,455	887,208	6,890,416
Receivables:				
Property tax:				
Delinquent	30,315	5,335	2,199	37,849
Succeeding year	4,253,501	739,135	499,998	5,492,634
Income surtax	428,233	-	-	428,233
Due from other funds	7,400	-	-	7,400
Due from other governments	153,790	65,247	-	219,037
Prepaid expenses	293	3,000	3,131	6,424
<b>Total assets</b>	<b>\$ 8,759,285</b>	<b>2,930,172</b>	<b>1,392,536</b>	<b>13,081,993</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 336,219	19,232	4,766	360,217
Salaries and benefits payable	856,557	-	-	856,557
Due to other funds	-	-	7,400	7,400
Due to other governments	24,159	-	-	24,159
<b>Total liabilities</b>	<b>1,216,935</b>	<b>19,232</b>	<b>12,166</b>	<b>1,248,333</b>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	4,253,501	739,135	499,998	5,492,634
Income surtax	428,233	-	-	428,233
<b>Total deferred inflows of resources</b>	<b>4,681,734</b>	<b>739,135</b>	<b>499,998</b>	<b>5,920,867</b>
Fund balances:				
Nonspendable - prepaids	293	3,000	3,131	6,424
Restricted for:				
Categorical funding	117,150	-	-	117,150
School infrastructure	-	599,462	-	599,462
Physical plant and equipment	-	1,569,343	-	1,569,343
Management levy purposes	-	-	470,707	470,707
Debt service	-	-	414,202	414,202
Unassigned	2,743,173	-	(7,668)	2,735,505
<b>Total fund balances</b>	<b>2,860,616</b>	<b>2,171,805</b>	<b>880,372</b>	<b>5,912,793</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,759,285</b>	<b>2,930,172</b>	<b>1,392,536</b>	<b>13,081,993</b>

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET –  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2021**

<b>Total fund balances of governmental funds</b>	<b>\$ 5,912,793</b>
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	14,360,355
Blending of the Internal Service Fund to be reflected on an entity - wide basis.	180,434
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	428,233
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(49,140)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Deferred outflows of resources	\$ 1,058,295
Deferred inflows of resources	<u>(241,680)</u>
	816,615
Long-term liabilities, including general obligation bonds payable, compensated absences, revenue bonds payable, total OPEB liability and net pension liability, are not due and payable in the current period and, therefore are not reported as liabilities of the governmental funds.	<u>(8,273,421)</u>
<b>Net position of governmental activities</b>	<b>\$ <u>13,375,869</u></b>

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local Tax	\$ 4,734,331	744,085	318,287	5,796,703
Tuition	323,162	-	-	323,162
Other	131,669	23,577	87,530	242,776
Intermediate sources	75,400	-	-	75,400
State sources	4,449,373	813,260	5,007	5,267,640
Federal sources	749,620	-	-	749,620
Total revenues	10,463,555	1,580,922	410,824	12,455,301
Expenditures:				
Current:				
Instruction:				
Regular	4,211,221	76,680	35,119	4,323,020
Special	1,912,591	-	-	1,912,591
Other	438,975	-	98,713	537,688
	6,562,787	76,680	133,832	6,773,299
Support services:				
Student	229,500	-	-	229,500
Instructional staff	414,448	-	-	414,448
Administration	902,511	129,155	-	1,031,666
Operation and maintenance of plant	717,250	146,152	53,449	916,851
Transportation	347,646	60,069	17,951	425,666
	2,611,355	335,376	71,400	3,018,131
Other expenditures:				
Facilities acquisition	-	21,564	-	21,564
Long-term debt:				
Principal	-	-	355,000	355,000
Interest and fiscal charges	-	-	103,073	103,073
AEA flowthrough	354,321	-	-	354,321
	354,321	21,564	458,073	833,958
Total expenditures	9,528,463	433,620	663,305	10,625,388
Excess (deficiency) of revenues over (under) expenditures	935,092	1,147,302	(252,481)	1,829,913
Other financing sources (uses):				
Transfers in	-	-	471,229	471,229
Transfers out	(7,949)	(463,280)	-	(471,229)
Total other financing sources (uses)	(7,949)	(463,280)	471,229	-
Change in fund balances	927,143	684,022	218,748	1,829,913
Fund balances beginning of year	1,933,473	1,487,783	661,624	4,082,880
Fund balances end of year	\$ 2,860,616	2,171,805	880,372	5,912,793

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

**Net change in fund balances - total governmental funds** **\$ 1,829,913**

*Amounts reported for governmental activities in the  
Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays depreciation expense and adjustments for disposals in the year are as follows:

Expenditures for capital assets	\$ 77,211	
Depreciation expense	<u>(700,309)</u>	(623,098)

Blending of the Internal Service Fund to be reflected on an entity-wide basis.	37,905
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Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.	355,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	4,793
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Income surtax accounts receivable is not available to finance expenditures of the current year period in the governmental funds.	36,914
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The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.	490,829
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

OPEB expense	(11,643)	
Pension expense	(693,212)	
Compensated absences	<u>12,410</u>	(692,445)

**Change in net position of governmental activities** **\$ 1,439,811**

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021**

	Enterprise Fund School Nutrition	Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 99,717	180,434
Accounts receivable	2,859	-
Due from other governments	9,192	-
Total current assets	<u>111,768</u>	<u>180,434</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>49,017</u>	<u>-</u>
Total assets	160,785	180,434
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	13,414	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	7,342	-
Salaries and benefits payable	3,579	-
Total current liabilities	<u>10,921</u>	<u>-</u>
Noncurrent liabilities:		
Net pension liability	<u>98,799</u>	<u>-</u>
Total noncurrent liabilities	<u>98,799</u>	<u>-</u>
Total liabilities	109,720	-
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	5,017	-
<b>Net Position</b>		
Investment in capital assets	49,017	-
Unrestricted	<u>10,445</u>	<u>180,434</u>
Total net position	<u>\$ 59,462</u>	<u>180,434</u>

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021**

	Enterprise Fund <u>School Nutrition</u>	Internal Service Fund <u>Employee Medical</u>
Operating revenue:		
Local sources:		
Charges for service	\$ 59,203	-
Miscellaneous	<u>11,402</u>	<u>106,554</u>
Total operating revenues	<u>70,605</u>	<u>106,554</u>
Operating expenses:		
Non-instructional programs:		
Health services	-	70,039
Food service operations:		
Salaries	24,097	-
Benefits	24,170	-
Purchased services	328,441	-
Supplies	73,417	-
Miscellaneous	7,577	-
Depreciation	<u>10,135</u>	<u>-</u>
Total operating expenses	<u>467,837</u>	<u>70,039</u>
Operating income (loss)	(397,232)	36,515
Non-operating revenue:		
State sources	3,293	-
Federal sources	414,826	-
Interest on investments	<u>60</u>	<u>1,390</u>
Total non-operating revenue	<u>418,179</u>	<u>1,390</u>
Change in net position	20,947	37,905
Net position beginning of year	<u>38,515</u>	<u>142,529</u>
Net position end of year	<u><u>\$ 59,462</u></u>	<u><u>180,434</u></u>

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021**

	Enterprise Fund <u>School Nutrition</u>	Internal Service Fund <u>Employee Medical</u>
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 58,045	-
Cash received from miscellaneous	11,402	106,554
Cash payments to employees for services	(36,426)	(70,039)
Cash payments to suppliers for goods or services	(376,480)	-
Net cash provided by (used in) operating activities	<u>(343,459)</u>	<u>36,515</u>
Cash flows from non-capital financing activities:		
State grants received	2,572	-
Federal grants received	374,951	-
Net cash provided by non-capital financing sources	<u>377,523</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	<u>60</u>	<u>1,390</u>
Net increase in cash and cash equivalents	34,124	37,905
Cash and cash equivalents at beginning of year	<u>65,593</u>	<u>142,529</u>
Cash and cash equivalents at end of year	<u><u>\$ 99,717</u></u>	<u><u>180,434</u></u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (397,232)	36,515
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Commodities consumed	31,404	-
Depreciation	10,135	-
Increase in receivables	(1,158)	-
Decrease in inventories	9,742	-
Decrease in payables	(8,191)	-
Decrease in salaries and benefits payable	(990)	-
Increase in net pension liability	14,686	-
Decrease in deferred outflows of resources	7,718	-
Decrease in deferred inflows of resources	(9,573)	-
Net cash provided by (used in) operating activities	<u><u>\$ (343,459)</u></u>	<u><u>36,515</u></u>

**Non-cash investing, capital and financing activities**

During the year ended June 30, 2021 the District received \$31,404 of federal commodities

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2021**

		Private Purpose Trust <u>Scholarship</u>
<b>Assets</b>		
Cash, cash equivalents and pooled investments	\$	<u>474,653</u>
Total assets		<u>474,653</u>
<b>Liabilities</b>		
None		<u>-</u>
Total liabilities		<u>-</u>
<b>Net Position</b>		
Reserved for scholarships	\$	<u><u>474,653</u></u>

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2021**

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Interest on investments	\$ 4,648
Gifts and contributions	<u>1,645</u>
Total additions	6,293
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	<u>14,587</u>
Change in net position	(8,294)
Net position beginning of year	<u>482,947</u>
Net position end of year	<u>\$ 474,653</u>

See notes to financial statements

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 Summary of Significant Accounting Policies**

The AHSTW Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the cities of Avoca, Hancock, Shelby, Tennant and Walnut, Iowa and the predominate agricultural territory in a portion of Shelby, Harrison, Pottawattamie and Cass Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, AHSTW Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The AHSTW Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in jointly governed organizations that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Shelby, Harrison, Pottawattamie and Cass County Assessors' Conference Boards.

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation – (continued)**

*Restricted net position* results when constraints placed on net position use is either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position that does not meet the definition of the preceding two categories. Unrestricted net position is often subject to constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and all other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

Additionally, the District reports the following additional proprietary fund:

The Internal Service Fund is used to account for the District's medical cost-reimbursement plan.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation - (continued)**

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

**C. Measurement Focus and Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus and Basis of Accounting - (continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position**

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2020.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position - (continued)**

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ -
Buildings	5,000
Land improvements	5,000
Intangibles	10,000
Furniture and equipment:	
School Nutrition Fund Equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Furniture and equipment	5-12 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the District after the measurement date but before the end of the District's reporting period.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position - (continued)**

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the AHSTW Community School District's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position - (continued)**

Deferred Inflows of Resources (continued)

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivables that will not be recognized as revenue until the year for which it is levied, and the unrecognized items not yet charged to pension and OPEB expense.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts not in spendable form, such as inventories and prepaid expenses.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resource are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2021, expenditures exceeded the amounts budgeted in the non-instructional programs function. The District did not exceed its General Fund unspent authorized budget.

**NOTE 2 Cash and Pooled Investments**

The District's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance, or by the State Sinking Fund, in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 3 Due from and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Activity	\$ <u>7,400</u>

The Student Activity Fund borrowed \$7,400 from the General Fund. The balances are to be repaid by June 30, 2022.

**NOTE 4 Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Activity	General	\$ 7,949
Debt Service	Capital Projects	<u>463,280</u>
		\$ <u>471,229</u>

Transfers generally move revenues from the fund statutorily required to collect the resources, to the fund statutorily required to expend the resources.

The transfer to the Activity Fund was for the purchase of safety equipment.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 5 Capital Assets**

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 376,828	-	-	376,828
Construction in progress	-	2,975	-	2,975
Total capital assets not being depreciated	376,828	2,975	-	379,803
Capital assets being depreciated:				
Buildings	16,903,380	-	-	16,903,380
Land improvements	1,796,285	9,375	-	1,805,660
Furniture and equipment	2,450,839	64,861	41,008	2,474,692
Total capital assets being depreciated	21,150,504	74,236	41,008	21,183,732
Less accumulated depreciation for:				
Buildings	3,705,476	348,440	-	4,053,916
Improvements other than buildings	1,055,264	81,459	-	1,136,723
Furniture and equipment	1,783,139	270,410	41,008	2,012,541
Total accumulated depreciation	6,543,879	700,309	41,008	7,203,180
Total capital assets being depreciated, net	14,606,625	(626,073)	-	13,980,552
Governmental activities capital assets, net	<u>\$ 14,983,453</u>	<u>(623,098)</u>	<u>-</u>	<u>14,360,355</u>
<b>Business-type activities</b>				
Furniture and equipment	\$ 221,874	-	-	221,874
Less accumulated depreciation	162,722	10,135	-	172,857
Business-type activities capital assets, net	<u>\$ 59,152</u>	<u>(10,135)</u>	<u>-</u>	<u>49,017</u>

Depreciation expense was charged to the following functions:

<b>Governmental activities:</b>	
Instruction:	
Regular	\$ 925
Other	32,836
Support services:	
Administration	2,447
Operation and maintenance of plant	107,530
Transportation	126,671
	<u>270,409</u>
Unallocated	429,900
Total depreciation expense - governmental activities	<u>\$ 700,309</u>
<b>Business-type activities:</b>	
Food services	<u>\$ 10,135</u>

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 6 Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2021 are summarized as follows:

	Adjusted Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
<b>Governmental activities</b>					
Revenue bonds	\$ 3,995,000	-	355,000	3,640,000	365,000
Compensated absences	27,913	15,503	27,913	15,503	15,503
Net pension liability	3,803,802	674,785	-	4,478,587	-
Total OPEB liability	114,863	24,468	-	139,331	-
<b>Total</b>	<b>\$ 7,941,578</b>	<b>714,756</b>	<b>382,913</b>	<b>8,273,421</b>	<b>380,503</b>
<b>Business type activities</b>					
Net pension liability	\$ 84,113	14,686	-	98,799	-

Revenue Bonds

Details of the District's June 30, 2021 statewide sales, services and use tax revenue bond indebtedness are as follows:

Year Ending June 30,	Bond issue Sept 1, 2015			
	Interest Rates	Principal	Interest	Total
2022	2.70%	365,000	93,353	458,353
2023	2.70%	375,000	83,362	458,362
2024	2.70%	385,000	73,103	458,103
2025	2.70%	395,000	62,572	457,572
2026	2.70%	400,000	51,840	451,840
2027-2030	2.70%	1,720,000	94,231	1,814,231
		<b>\$ 3,640,000</b>	<b>458,461</b>	<b>4,098,461</b>

The District has pledged future statewide sales, services and use tax revenues to repay the \$5,355,000 bonds issued in September 2015. The bonds were issued for the purpose of financing a portion of the K-12 addition and renovation project. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds required approximately 60% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$4,098,461. For the current year, \$355,000 of principal and \$103,073 of interest were paid on the bonds and total statewide sales, services and use tax revenues were \$779,507.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 6 Long-Term Liabilities (continued)**

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account required to be on deposit at the bank that purchased the bonds to pay the principal and interest requirements of the revenue bond for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.
- d) The District is required to obtain consent from the bank that purchased the bonds in the event that additional sales tax debt is issued during the period in which the 2015 bonds are outstanding.

The District has complied with the above provisions.

**NOTE 7 Pension Plan**

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 7 Pension Plan (continued)**

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the District contributed 9.44% of covered payroll, for a total rate of 15.73%.

The District's contributions to IPERS for the year ended June 30, 2021 were \$493,072.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the District reported a liability of \$4,577,386 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2020, the District's proportion was 0.0651610%, which was a decrease of 0.001980% from its proportion measured as of June 30, 2019.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 7 Pension Plan (continued)**

For the year ended June 30, 2021, the District recognized pension expense of \$702,276. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,057	\$ 108,496
Changes in assumptions	234,956	-
Net difference between projected and actual earnings on pension plan investments	257,322	-
Changes in proportion and differences between District contributions and proportionate share of contributions	81,302	96,627
District contributions subsequent to the measurement date	<u>493,072</u>	<u>-</u>
Total	\$ <u>1,071,709</u>	\$ <u>205,123</u>

\$493,072 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	\$ 55,025
2023	102,722
2024	86,252
2025	136,744
2026	<u>(7,229)</u>
Total	\$ <u>373,514</u>

There were no non-employer contributing entities to IPERS.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 7 Pension Plan (continued)**

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Privated real assets	7.5	4.48
Private credit	3.0	3.11
Total	100%	

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 7 Pension Plan (continued)**

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 7,632,406	\$ 4,577,386	\$ 2,015,800

IPERS' Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS - At June 30, 2021, the District reported payables to IPERS of \$62,061 for legally required employer contributions and \$41,352 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**NOTE 8 Other Post Employment Benefits (OPEB)**

Plan Description - The District administers a single-employer health plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by AHSTW Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	76
Total	<u>79</u>

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 8 Other Post Employment Benefits (OPEB) (continued)**

Total OPEB Liability – The District's total OPEB liability of \$139,331 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2021)	3.00% per annum.
Discount rate (effective June 30, 2021)	2.37% per annum.
Healthcare cost trend rate (effective June 30, 2021)	6.00% per annum.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.37% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuity mortality table. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience studies with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	\$ 114,863
Changes for the year:	
Service cost	17,835
Interest	3,266
Assumption changes	11,511
Differences between expected and actual experiences	(2,886)
Benefit payments	<u>(5,258)</u>
Net changes	<u>24,468</u>
Total OPEB liability end of year	\$ <u>139,331</u>

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 8 Other Post Employment Benefits (OPEB) (continued)**

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.37%) or 1% higher (3.37%) than the current discount rate.

	1% Decrease (1.37%)	Discount Rate (2.37%)	1% Increase (3.37%)
Total OPEB liability	\$ 158,280	\$ 139,331	\$ 122,997

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$ 115,401	\$ 139,331	\$ 169,520

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the District recognized OPEB expense of \$22,642. At June 30, 2021, the District reported deferred inflows of resources related to OPEB from the following resources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,574

The amount reported as deferred inflows of resources related to OPEB will be recognized against OPEB expense as follows:

Year Ended June 30,	Amount
2022	\$ (2,761)
2023	(2,761)
2024	(2,761)
2025	(2,761)
2026	(2,761)
Thereafter	(27,769)
Total	\$ (41,574)

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 9 Risk Management**

The District is a member in the Iowa School Employee Benefit Association (ISEBA), and Iowa Code Chapter 28E organization. ISEBA was set up for the purpose of managing and funding employee benefits. ISEBA provides medical coverage and protection. District contributions to ISEBA for the year ended June 30, 2021 were \$737,846.

AHSTW Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 10 Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose \$354,321 for the year ended June 30, 2021 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**NOTE 11 Operating Lease Agreements**

For the year ended June 30, 2021, the District had a lease with Pottawattamie County Fair Board to rent a parking lot located on the fair grounds. The lease is renewable on an annual basis. The rental payment for fiscal year 2021 was \$3,000.

The District has a lease agreement with the City of Walnut to lease a gymnasium for \$10,000 a year. The lease expires in October 2021. The rental payments for fiscal year 2021 totaled \$10,000.

The District has an operating lease for a copy machine. Lease expense totaled \$2,501 for fiscal year 2021.

**NOTE 12 Deficit Fund Balance/Net Position**

At June 30, 2021, the Student Activity Fund had seventeen deficit accounts with a total unassigned fund balance of (\$161,485). The Governmental activities had a deficit unrestricted net position of \$472,341.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 13 Categorical Funding**

In accordance with Iowa Administrative Code Section 98.1, categorical funding is financial support from the state and federal governments targeted for particular categories of students, special programs, or special purposes. This support is in addition to school district or area education agency general purpose revenue, for purposes beyond the basic educational program and most often has restrictions on its use. Any portion of categorical funding provided by the state that is not expended by the end of the fiscal year must be carried forward as a restricted fund balance.

<u>Project</u>	<u>Amount</u>
LEP Weighting	\$ 2,456
Talented and gifted	72,846
Teacher salary supplement	2,576
Professional development for model core curriculum	1,100
Teacher quality professional development	14,426
Preschool	22,201
Empowerment professional grant	613
Mentoring	932
	<u>\$ 117,150</u>

**NOTE 14 Tax Abatements**

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2021 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Shelby	Urban renewal and economic development projects	\$ 8,690
City of Walnut	Urban renewal and economic development projects	24,702

The State of Iowa reimburses the District an amount equivalent to the increment of valuation on which property tax is divided times \$5.40 per \$1,000 of taxable valuation. The year ended June 30, 2021, this reimbursement amounted to \$13,981.

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021**

**NOTE 15 COVID-19**

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of AHSTW Community School District, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of AHSTW Community School District. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to AHSTW Community School District.

**NOTE 16 Prospective Accounting Change**

Governmental Accounting Standards Board has issued Statement No. 87, *Leases*. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

## REQUIRED SUPPLEMENTARY INFORMATION

**AHSTW COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN BALANCES – BUDGET AND ACTUAL –  
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts	Budget to Actual Variance - Positive (Negative)
Revenues:					
Local sources	\$ 6,362,641	70,665	6,433,306	7,202,666	(769,360)
Intermediate sources	75,400	-	75,400	75,400	-
State sources	5,267,640	3,293	5,270,933	4,477,782	793,151
Federal sources	749,620	414,826	1,164,446	376,694	787,752
Total receipts	<u>12,455,301</u>	<u>488,784</u>	<u>12,944,085</u>	<u>12,132,542</u>	<u>811,543</u>
Expenditures/Expenses:					
Instruction	6,773,299	-	6,773,299	6,983,794	210,495
Support services	3,018,131	-	3,018,131	3,580,658	562,527
Non-instructional programs	-	467,837	467,837	425,000	(42,837)
Other expenditures	833,958	-	833,958	1,040,502	206,544
Total disbursements	<u>10,625,388</u>	<u>467,837</u>	<u>11,093,225</u>	<u>12,029,954</u>	<u>936,729</u>
Excess of revenue over expenditures/expenses	1,829,913	20,947	1,850,860	102,588	1,748,272
Other financings sources, net	-	-	-	63,000	(63,000)
Change in balances	1,829,913	20,947	1,850,860	165,588	1,685,272
Balances beginning of year	<u>4,082,880</u>	<u>38,515</u>	<u>4,121,395</u>	<u>3,924,377</u>	<u>197,018</u>
Balances end of year	<u>\$ 5,912,793</u>	<u>59,462</u>	<u>5,972,255</u>	<u>4,089,965</u>	<u>1,882,290</u>

See Accompanying Independent Auditors' Report

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2021**

This budgetary comparison is presented as Required Supplementary Information in accordance with *Governmental Accounting Standards Board* Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private-Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2021, expenditures exceeded amounts budgeted in the non-instructional programs function. The District did not exceed its General Fund unspent authorized budget.

**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST FIVE YEARS\*  
(IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION**

	2021	2020	2019	2018	2017
District's proportion of the net pension liability	0.065161%	0.067141%	0.066496%	0.063009%	0.066396%
District's proportionate share of the net pension liability	\$ 4,577	\$ 3,888	\$ 4,208	\$ 4,197	\$ 4,178
District's covered payroll	\$ 5,168	\$ 5,110	\$ 5,003	\$ 4,155	\$ 4,765
District's proportionate share of the net pension liability as a percentage of its covered payroll	88.56%	76.09%	84.11%	101.01%	87.68%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%

\* The accordance with GASB Statement No. 68, amounts presented for each fiscal year were determined as of June 30 of the preceding year.

**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST FIVE YEARS  
(IN THOUSANDS)  
REQUIRED SUPPLEMENTARY INFORMATION**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 493	488	482	447	371
Contributions in relation to the statutorily required contribution	<u>493</u>	<u>488</u>	<u>482</u>	<u>447</u>	<u>371</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 5,223	5,168	5,110	5,003	4,155
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%	8.93%

See Accompanying Independent Auditors' Report

**AHSTW COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY  
YEAR ENDED JUNE 30, 2021**

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit components of the salary increase assumptions.

The 2017 valuation implemented the following refinements as a result of a quadrennial experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES  
FOR THE LAST FOUR YEARS  
REQUIRED SUPPLEMENTARY INFORMATION**

	2021	2020	2019	2018
Service cost	\$ 17,835	15,637	21,023	21,023
Interest cost	3,266	3,682	5,552	4,866
Assumption changes	11,511	(40,259)	-	-
Difference between expected and actual experiences	(2,886)	(8,501)	(4,873)	(4,864)
Benefit payments	(5,258)	(4,756)	(1,785)	(3,093)
Net change in total OPEB liability	24,468	(34,197)	19,917	17,932
Total OPEB liability beginning of year, as restated	114,863	149,060	129,143	111,211
Total OPEB liability end of year	\$ 139,331	114,863	149,060	129,143
Covered-employee payroll	\$ 4,091,012	4,160,751	4,215,047	4,070,158
Total OPEB liability as a percentage of covered-employee payroll	3.41%	2.76%	3.54%	3.17%

Notes to Schedule of Changes in the District's Total OPEB Liability and Related Ratios

*Changes in benefits terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2021	2.37%
Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.72%
Year ended June 30, 2018	3.72%
Year ended June 30, 2017	2.50%

See Accompanying Independent Auditors' Report

## SUPPLEMENTARY INFORMATION

**AHSTW COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	Special Revenue			
	Student Activity	Management Levy	Debt Service	Total
Assets				
Assets:				
Cash, cash equivalents and pooled investments	\$ 4,498	468,508	414,202	887,208
Receivables:				
Property tax:				
Delinquent	-	2,199	-	2,199
Succeeding year	-	499,998	-	499,998
Prepaid expenses	-	3,131	-	3,131
Total assets	\$ 4,498	973,836	414,202	1,392,536
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 4,766	-	-	4,766
Due to other funds	7,400	-	-	7,400
Total liabilities	12,166	-	-	12,166
Deferred inflows of resources:				
Unavailable revenue:				
Succeeding year property tax	-	499,998	-	499,998
Total deferred inflow of resources	-	499,998	-	499,998
Fund balances:				
Nonspendable - prepaids	-	3,131	-	3,131
Restricted for:				
Management levy purposes	-	470,707	-	470,707
Debt service	-	-	414,202	414,202
Unassigned	(7,668)	-	-	(7,668)
Total fund balances	(7,668)	473,838	414,202	880,372
Total liabilities, deferred inflows of resources and fund balances	\$ 4,498	973,836	414,202	1,392,536

See Accompanying Independent Auditors' Report

**AHSTW COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	Special Revenue		Debt	
	Student	Management	Service	Total
	Activity	Levy		
Revenues:				
Local sources:				
Local tax	\$ -	318,287	-	318,287
Other	87,166	364	-	87,530
State sources	-	5,007	-	5,007
Total revenues	87,166	323,658	-	410,824
Expenditures:				
Current:				
Instruction:				
Regular	-	35,119	-	35,119
Other	98,713	-	-	98,713
	98,713	35,119	-	133,832
Support services:				
Operation and maintenance of plant	-	53,449	-	53,449
Transportation	-	17,951	-	17,951
	-	71,400	-	71,400
Other expenditures:				
Long-term debt:				
Principal	-	-	355,000	355,000
Interest and fiscal charges	-	-	103,073	103,073
	-	-	458,073	458,073
Total expenditures	98,713	106,519	458,073	663,305
Excess (deficiency) of revenues over (under) expenditures	(11,547)	217,139	(458,073)	(252,481)
Other financing sources:				
Transfers in	7,949	-	463,280	471,229
Total other financing sources	7,949	-	463,280	471,229
Change in fund balances	(3,598)	217,139	5,207	218,748
Fund balances beginning of year	(4,070)	256,699	408,995	661,624
Fund balances end of year	\$ (7,668)	473,838	414,202	880,372

See Accompanying Independent Auditors' Report

**AHSTW COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
CAPITAL PROJECT FUNDS  
YEAR ENDED JUNE 30, 2021**

	Capital Projects		Total
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	
<b>Assets</b>			
Assets:			
Cash, cash equivalents and pooled investments	\$ 536,692	1,580,763	2,117,455
Receivables:			
Property tax:			
Delinquent	-	5,335	5,335
Succeeding year	-	739,135	739,135
Due from other governments	65,247	-	65,247
Prepaid expenses	-	3,000	3,000
Total assets	\$ 601,939	2,328,233	2,930,172
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 2,477	16,755	19,232
Total liabilities	2,477	16,755	19,232
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	-	739,135	739,135
Total deferred inflow of resources	-	739,135	739,135
Fund balances:			
Nonspendable - prepaids			
Restricted for:	-	3,000	3,000
School infrastructure	599,462	-	599,462
Physical plant and equipment	-	1,569,343	1,569,343
Total fund balances	599,462	1,572,343	2,171,805
Total liabilities, deferred inflows of resources and fund balances	\$ 601,939	2,328,233	2,930,172

See Accompanying Independent Auditors' Report

**AHSTW COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES – CAPITAL PROJECT ACCOUNTS  
YEAR ENDED JUNE 30, 2021**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local Tax	\$ -	744,085	744,085
Other	1,417	22,160	23,577
State sources	802,757	10,503	813,260
Total revenues	<u>804,174</u>	<u>776,748</u>	<u>1,580,922</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	42,510	34,170	76,680
Support services:			
Administration	50,178	78,977	129,155
Operation and maintenance of plant	46,000	100,152	146,152
Transportation	34,239	25,830	60,069
	<u>130,417</u>	<u>204,959</u>	<u>335,376</u>
Other expenditures:			
Facilities acquisition	-	21,564	21,564
Total expenditures	<u>172,927</u>	<u>260,693</u>	<u>433,620</u>
Excess of revenue over expenditures	631,247	516,055	1,147,302
Other financing uses:			
Transfers out	(463,280)	-	(463,280)
Total other financing sources (uses)	<u>(463,280)</u>	<u>-</u>	<u>(463,280)</u>
Change in fund balances	167,967	516,055	684,022
Fund balances beginning of year	431,495	1,056,288	1,487,783
Fund balances end of year	<u>\$ 599,462</u>	<u>1,572,343</u>	<u>2,171,805</u>

See Accompanying Independent Auditors' Report

**AHSTW COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND - STUDENT ACTIVITY ACCOUNTS**  
**YEAR ENDED JUNE 30, 2021**

	Balance Beginning of Year	Revenues	Expend- itures	Transfers In (Out)	Balance End of Year
Speech	\$ (28,244)	2,005	3,032	-	(29,271)
Show choir	(10,422)	50	150	-	(10,522)
General athletics	20,813	12,172	2,733	-	30,252
Track	(19,957)	671	3,931	-	(23,217)
Cross country	(5,627)	5,616	4,392	-	(4,403)
Golf	(6,676)	25	1,360	-	(8,011)
Wrestling cheerleaders	(7,187)	-	23	-	(7,210)
BB/football cheerleaders	2,669	371	731	-	2,309
Boys basketball	3,012	6,266	7,690	-	1,588
Football	33,605	17,463	23,638	7,949	35,379
Boys soccer	(9,857)	3,294	3,887	-	(10,450)
Baseball	8,250	5,623	5,483	-	8,390
Wrestling	(10,695)	1,094	3,199	-	(12,800)
Girls basketball	10,277	7,393	8,749	-	8,921
Volleyball	(2,700)	4,997	3,861	-	(1,564)
Girls soccer	(25,386)	-	3,361	-	(28,747)
Softball	8,930	4,333	3,737	-	9,526
Strength and conditioning	(408)	1,470	920	-	142
FFA	14,807	5,542	3,202	-	17,147
Book club	(2)	-	-	-	(2)
Yearbook	(10,929)	1,885	4,368	-	(13,412)
FCCLA	(3,751)	142	352	-	(3,961)
Drill team	(2,143)	-	4	-	(2,147)
National honor society	(3,464)	2,493	3,756	-	(4,727)
Class of 2018	1,198	-	-	-	1,198
Class of 2019	31	-	-	-	31
Class of 2020	3,652	-	-	-	3,652
Class of 2021	4,039	-	192	-	3,847
Class of 2022	-	1,894	2,689	-	(795)
High school student activity	2,932	-	-	-	2,932
Vocal music	4,209	-	12	-	4,197
Musical/play	4,652	1,175	1,466	-	4,361
Elementary activity	1,137	-	-	-	1,137
Elementary student council	4,848	-	-	-	4,848
Student council	6,337	325	640	-	6,022
Junior high student council	1,461	-	-	-	1,461
Game concessions	6,765	867	1,155	-	6,477
Lego league	(246)	-	-	-	(246)
Total	\$ (4,070)	87,166	98,713	7,949	(7,668)

See Accompanying Independent Auditors' Report



**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Grantor/Program:	CFDA Number	Grant Number	Expen- ditures
Indirect:			
US Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
National School Lunch Program	10.555	FY 21	31,404 *
COVID -19 - National School Lunch Program	10.555	FY 21	35,936
Summer Food Service Program for Children	10.559	FY 21	347,486
			414,826
US Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 21	105,054
Special Education - State Personnel Development Grants	84.323	FY 21	5,994
Supporting Effective Instruction State Grant	84.367	FY 21	14,867
Student Support Support and Academic Enrichment Program	84.424	FY 21	10,000
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES) Cluster			
COVID -19 Governor's Emergency Education Relief Fund (GEER) Fund	84.425C	FY 21	24,253
COVID -19 Elementary and Secondary School Fund (ESSER) Funds	84.425D	FY 21	464,125
			488,378
Green Hills Area Education Agency			
Special Education Cluster (IDEA):			
Special Education - Grants to State	84.027	FY 21	35,268
Vocational Education - Basic Grants to States	84.048	FY 21	3,933
US Department of Treasury			
Iowa Department of Education:			
Coronavirus Relief Fund	21.019	FY 21	1,547
Southwest Iowa MHDS Region			
Coronavirus Relief Fund	21.019	FY 21	29,092
Total			\$ 1,108,959

\* Includes \$31,404 of non-cash awards.

**Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of AHSTW Community School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of AHSTW Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of AHSTW Community School District.

**Summary of Significant Accounting Policies** – Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate** – AHSTW Community School District uses a federally negotiated indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**



Diane McGrain, CPA  
Jim Menard, CPA  
Kelsey Peterson, CPA

December 6, 2021

**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit Performed  
in Accordance with Government Auditing Standards**

The Board of Education  
AHSTW Community School District  
Avoca, IA 51521

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund balance information of the AHSTW Community School District as of and for the year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 6, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered AHSTW Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AHSTW Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of AHSTW Community School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-21 that we consider to be a significant deficiency.

Continued. . .

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether AHSTW Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **AHSTW Community School District's Responses to Findings**

AHSTW Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. AHSTW Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of AHSTW Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Schroer & Associates, P.C.*

Schroer & Associates, P.C.  
Council Bluffs, IA



Diane McGrain, CPA  
Jim Menard, CPA  
Kelsey Peterson, CPA

December 6, 2021

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by the Uniform Guidance**

To the Board of Education of AHSTW Community School District:

Report on Compliance for Each Major Federal Program

We have audited AHSTW Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. AHSTW Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of AHSTW Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AHSTW Community School District's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of AHSTW Community School District's compliance.

Continued. . .

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Opinion on Each Major Federal Program

In our opinion, AHSTW Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

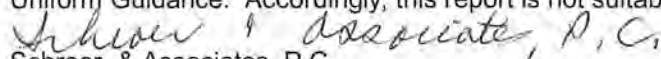
The management of AHSTW Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AHSTW Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AHSTW Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-21 we consider to be a significant deficiency.

AHSTW Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. AHSTW Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Schroer & Associates, P.C.  
Council Bluffs, IA

**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was follows:
  - Education Stabilization Fund Under CARES Cluster
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) AHSTW Community School District did not qualify as a low-risk auditee.

**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

**II-A-21 Segregation of Duties**

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the District's financial statements.

Condition – Investment transactions, reconciling, journal entry writing, approving and posting, and financial reporting are performed by the same person

Cause – The District has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the District's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employee in the normal course of performing their assigned functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response and Corrective Action Plan – We will continue to review our procedures and implement additional controls where possible.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

**CFDA Number 84.425C: COVID-19 Governor's Emergency Education Relief (GEER) Fund**  
**CFDA Number 84.425D: COVID-19 Governor's Elementary and Secondary School Education Relief (ESSER) Funds**  
**Pass-Through Entity Identifying Number: N/A**  
**Federal Award Year: 2021**  
**Prior Year Finding Number: N/A**  
**U.S. Department of Education**  
**Passed through the Iowa Department of Education**

III-A-21      Segregation of Duties – The District did not properly segregate, record-keeping  
(2021-001)      and reconciling functions for receipts and disbursements, including those related  
                         to federal programs. See II-A-21.

**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**Part IV: Other Findings Related to Required Statutory Reporting:**

**IV-A-21 Certified Budget**

Comment - Expenditures for the year ended June 30, 2021 exceeded the certified budget amounts in the non-instructional programs function. The District did not exceed its General Fund unspent authorized budget.

Recommendation - the certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

**IV-B-21 Questionable Expenditures**

No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

**IV-C-21 Travel Expense**

No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

**IV-D-21 Business Transactions**

We noted no business transactions between the District and District officials or employees.

**IV-E-21 Restricted Donor Activity**

No transactions were noted between the District, District officials or employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

**IV-F-21 Bond Coverage**

Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate.

**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**Part IV: Other Findings Related to Required Statutory Reporting:**

**IV-G-21 Board Minutes**

Comment - No transactions were found that we believe should have been approved by the Board minutes, but were not. However, we noted the minutes for the June 2020 and March 2021 meetings were not signed and filed.

Recommendation - The board secretary should make sure all minutes for meetings are signed and filed.

Response - We will review the minutes binder for completeness.

Conclusion - Response accepted.

**IV-H-21 Certified Enrollment**

Comment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students reported on Line 1 as resident students was overstated by one student.

Recommendation - The district should contact the Iowa Department of Education and Department of Management to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and Department of Management on our behalf to resolve this matter.

Conclusion - Response accepted.

**IV-I-21 Supplemental Weighting**

We noted no variances to the supplementary weighting data certified to the Iowa Department of Education.

**IV-J-21 Deposits and Investments**

Comment - We noted no instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy. However, we noted one depository was not approved.

Recommendation - The District should update its depository resolution to approve all depositories the District uses.

Response - We will do this.

Conclusion - Response accepted.

**IV-K-21 Certified Annual Report**

The Certified Annual Report was certified timely to the Iowa Department of Education.

**AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**Part IV: Other Findings Related to Required Statutory Reporting (continued):**

**IV-L-21 Categorical Funding**

No instances of categorical funding being used to supplant rather than supplement other funds were noted.

**IV-M-21 Statewide Sales and Services Tax**

No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.3 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2021, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2021 audit:

Beginning Balance		\$	431,495
Revenues:			
Sales tax revenues	\$	779,507	
Other revenues		<u>24,667</u>	<u>804,174</u>
			1,235,669
Expenditures/transfers out:			
Technology		92,688	
Equipment		70,239	
Rent		10,000	
Transfer to other funds:			
Debt service fund		<u>463,280</u>	<u>636,207</u>
Ending Balance		\$	<u>599,462</u>

For the year ended June 30, 2021, the District reduced the following levy as a result of the monies received under Chapter 423E or 423F of the Code of Iowa:

	Rates of Levy Reduction Per \$1,000 of Taxable Valuation		Property Tax Dollars Reduced
\$	0.84982	\$	<u>463,280</u>

AHSTW COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

**Part IV: Other Findings Related to Required Statutory Reporting (continued):**

IV-N-21 Deficit Fund Balance/Net Position

Comment – Seventeen student activity accounts had deficit balances, and governmental activities had a deficit unrestricted net position at June 30, 2021.

Recommendation – The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response – The District is continuing to investigate alternatives to eliminate these deficits.

Conclusion – Response accepted.

## **APPENDIX E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
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