

\$9,955,000*
Winterset Community School District, Iowa
General Obligation School Bonds
Series 2019

(FAST Closing)

(The Issuer will designate the Bonds as Bank-Qualified as discussed more thoroughly herein)

(Book Entry Only)

(PARITY© Bidding Available)

DATE: Wednesday, November 14, 2018
TIME: 10:00 AM central
PLACE: Administration Board Room
110 W. Washington
Winterset, IA 50273
Telephone: (515) 462-2718
Fax: (515) 462-2732

Moody's Rating: "A1"

* Preliminary, subject to change

PiperJaffray®

3900 Ingersoll Ave., Suite 110
Des Moines, IA 50312
515/247-2340

OFFICIAL BID FORM

TO: Board of Directors of the Winterset Community School District, Iowa (the "Issuer")

Re: \$9,955,000* General Obligation School Bonds, Series 2019, dated the date of delivery, of the Issuer (the "Bonds")

For all or none of the above Bonds, we will pay you \$_____ for Bonds bearing interest rates and maturing in each of the stated years as follows:

<u>Coupon</u>	<u>Yield</u>	<u>Due</u>	<u>Coupon</u>	<u>Yield</u>	<u>Due</u>
_____	_____	May 1, 2020	_____	_____	May 1, 2030
_____	_____	May 1, 2021	_____	_____	May 1, 2031
_____	_____	May 1, 2022	_____	_____	May 1, 2032
_____	_____	May 1, 2023	_____	_____	May 1, 2033
_____	_____	May 1, 2024	_____	_____	May 1, 2034
_____	_____	May 1, 2025	_____	_____	May 1, 2035
_____	_____	May 1, 2026	_____	_____	May 1, 2036
_____	_____	May 1, 2027	_____	_____	May 1, 2037
_____	_____	May 1, 2028	_____	_____	May 1, 2038
_____	_____	May 1, 2029	_____	_____	

_____ We hereby elect to have the following issued as term bonds:

<u>Principal Amount</u>	<u>Month and Year (Inclusive)</u>	<u>Maturity Month and Year</u>
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____
\$ _____	_____ to _____	_____

Subject to mandatory redemption requirement in the amounts and at the times shown above

_____ We will not elect to have any bonds issued as term bonds

_____ We represent that we are a bidder with established industry reputation for underwriting new issuances of municipal bonds

This bid is for prompt acceptance and for delivery of said Bonds to us in compliance with the Official Terms of Offering, which is made a part of this proposal, by reference. Award will be made on a True Interest Cost Basis (TIC).

According to our computations (the correct computation being controlling in the award), we compute the following (to the dated date):

NET INTEREST COST:\$_____ TRUE INTEREST RATE _____%
(Computed from the dated date)

Account Manager

Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Directors of the Winterset Community School District, in the County of Madison, State of Iowa, this 14th day of November, 2018.

ATTEST: _____
District Secretary

Board President

* Preliminary, subject to change

NOTICE OF SALE

Time and Place of Sale: Sealed bids or electronic bids for the sale of General Obligation School Bonds, Series 2019, of the Winterset Community School District, in the County of Madison, State of Iowa (the "Issuer"), will be received in the School Administration Office Board Room of the District until 10:00 A.M. on November 14, 2018. The bids will be publicly opened at that time and evaluated by the Superintendent, Board Secretary and Financial Advisor and referred for action at the meeting of the Board of Directors.

Sale and Award: The sale and award of the bonds will be held at the Board meeting scheduled at 12:00 P.M. on the same date.

The Bonds. The bonds to be offered are the following:

GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019, in the principal amount of not to exceed \$9,955,000 to be dated January 3, 2019 (the "Bonds").

*The Issuer may increase or decrease each maturity, but the total amount to be issued will not exceed \$9,955,000.

Manner of Bidding: Open bids will not be received. No bid will be received after the time specified above for receiving bids. Bids will be received by any of the following methods:

- Sealed Bidding: Sealed bids or electronic proposals may be submitted and will be received in the School Administration Office Board Room, Winterset Community School District, Winterset, Iowa.
- Electronic Bidding: Electronic bids via PARITY® will be received in the School Administration Office Board Room, Winterset Community School District, Winterset, Iowa. The bids must be submitted through PARITY®.
- Electronic Facsimile Bidding: Electronic facsimile bids will be received in the School Administration Office Board Room, Winterset Community School District, Winterset, Iowa, (515) 462-2732. Electronic facsimile bids will be sealed and treated as sealed bids.

Official Statement: The Issuer has issued an Official Statement of information pertaining to the Bonds to be offered, including a statement of the Terms of Offering and an Official Bid Form, which is incorporated by reference as a part of this notice. The Official Statement may be obtained by request addressed to the Secretary of the Board of Directors, Winterset Community School District, 110 West Washington Street, Winterset, Iowa 50273, (515) 462-2718; or Travis Squires, Piper Jaffray & Co., 3900 Ingersoll, Suite 110, Des Moines, Iowa 50312, (515) 247-2354.

Terms of Offering: All bids must be in conformity with and the sale must be in accordance with the Terms of Offering as set forth in the Official Statement.

Legal Opinion: Bonds will be sold subject to the opinion of Ahlers & Cooney, P.C., Attorneys of Des Moines, Iowa, as to the legality and their opinion will be furnished together with the printed bonds without cost to the purchaser and all bids will be so conditioned. Except to the extent necessary to issue their opinion as to the legality of the Bonds, the attorneys will not examine or review or express any opinion with respect to the accuracy or completeness of documents, materials or statements made or furnished in connection with the sale, issuance or marketing of the Bonds.

Rights Reserved: The right is reserved to reject any or all bids, and to waive any irregularities as deemed to be in the best interests of the public.

By order of the Board of Directors of the Winterset Community School District in the County of Madison, State of Iowa.

Secretary of the Board of Directors of the Winterset
Community School District

OFFICIAL TERMS OF OFFERING

This section sets forth the description of certain of the terms of the Bonds as well as the terms of offering with which all bidders and bid proposals are required to comply, as follows:

The Bonds to be offered are the following:

GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019, in the principal amount of \$9,955,000* dated the date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement.

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the Issuer or its designee after the determination of the Successful Bidder. The Issuer may increase or decrease each maturity in increments of \$5,000. Interest rates specified by the Successful Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the Issuer.

The dollar amount bid by the Successful Bidder may be changed if the aggregate principal amount of the Bonds, as adjusted as described below, is adjusted, however the interest rates specified by the Successful Bidder for all maturities will not change. The Issuer's financial advisor will make every effort to ensure that the percentage net compensation to the Successful Bidder (the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the Issuer (not including accrued interest), less any bond insurance premium and credit rating fee, if any, to be paid by the Successful Bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to principal amounts shown in the maturity schedule.

Optional Redemption: The Bonds maturing after May 1, 2025, 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.

Interest: Interest on said Bonds will be payable on November 1, 2019 and semiannually on the 1st day of May and November thereafter. 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.

Book Entry System: The Bonds will be issued by means of a book entry system with no physical distribution of certificates made to the public. The Bonds will be issued in fully registered form and one certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Issuer to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the certificates with DTC.

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$99,550* for the Bonds, payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Financial Advisor or the Issuer will provide the apparent winning bidder (the "Purchaser") with wiring instructions, by facsimile and email, within 10 minutes of the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser, and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Bonds to the Purchaser absent receipt of the Deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

* Preliminary, subject to change

Form of Bids: All bids shall be unconditional for the entire issue of Bonds for a price of not less than 99% of par nor more than 102.0% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after the time specified herein. The time as maintained by the Internet Bid System shall constitute the official time with respect to all Bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Superintendent, Winterset Community School District.

Internet Bidding: Internet bids must be submitted through Parity® ("the Internet Bid System"). Information about the Internet Bid System may be obtained by calling 212-849-5000.

Each bidder shall be solely responsible for making necessary arrangements to access the Internet Bid System for purpose of submitting its internet bid in a timely manner and in compliance with the requirements of the Official Terms of Offering. The Issuer is permitting bidders to use the services of the Internet Bid System solely as a communication mechanism to conduct the internet bidding and the Internet Bid System is not an agent of the Issuer. Provisions of the Official Terms of Offering shall control in the events of conflict with information provided by the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the Internet Bid System. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

Electronic Facsimile Bidding: Bids may be submitted via facsimile at the phone number listed on the front cover of this Preliminary Official Statement. Electronic facsimile bids will be sealed and treated as sealed bids. Transmissions received after the deadline shall be rejected. It is the responsibility of the bidder to ensure that the bid is legible, that the bid is received prior to the appointed time, and that the bid is sent to the telecopier number set forth above. The Financial Advisor will, in no instance correct, alter, or in any way change bids submitted through facsimile transmission. Neither the Issuer nor its agents will be responsible for bids submitted by facsimile transmission not received in accordance with the provisions of this Official Terms of Offering. Bidders electing to submit bids via facsimile transmission will bear full and complete responsibility for the transmission of such bid. Neither the Issuer nor its agents will assume liability for the inability of the bidder to reach the above name fax number prior to the time of sale specified above. Time of receipt shall be the time recorded by the facsimile operator.

Rates of Interest: The rates of interest specified in the bidder's proposal must conform to the limitations following:

All Bonds of each annual maturity must bear the same interest rate.

Rates of interest bid may be in multiples of 1/8th, 1/20th, or 1/100th of 1%.

Delivery: The Bonds will be delivered to the Purchaser via FAST delivery with the Paying Agent holding the Bonds on behalf of DTC, against full payment in immediately available cash or federal funds. The Bonds are expected to be delivered within sixty days after the sale. Should delivery be delayed beyond sixty days from date of sale for any reason except failure of performance by the Purchaser, the Purchaser may withdraw his bid and thereafter his interest in and liability for the Bonds will cease. (When the Bonds are ready for delivery, the Issuer may give the successful bidder five working days notice of the delivery date and the Issuer will expect payment in full on that date, otherwise reserving the right at its option to determine that the bidder has failed to comply with the offer of purchase.)

Establishment of Issue Price: The winning bidder shall assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel. All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer's municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer's municipal advisor.

The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

1. the Issuer shall disseminate this Official Terms of Offering to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

- a. In the event that the competitive sale requirements are not satisfied, the Issuer shall so advise the winning bidder. The Issuer may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the Issuer if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Issuer shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the Issuer determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.
- b. By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:
 1. the close of the fifth (5th) business day after the sale date; or
 2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the Issuer when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

- c. The Issuer acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.
- d. By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable,

in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

- e. Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Terms of Offering. Further, for purposes of this Official Terms of Offering:
 - i. “public” means any person other than an underwriter or a related party,
 - ii. “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
 - iii. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
 - iv. “sale date” means the date that the Bonds are awarded by the Issuer to the winning bidder.

Official Statement: The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Issuer, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). By awarding the Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form therefore, the Issuer agrees that, no more than seven (7) business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded one “.pdf” copy of the Official Statement and the addendum described in the preceding sentence to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The Issuer shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer, (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Bonds. In no event will the Issuer be responsible for or Bond Counsel review or express any opinion of the correctness of such numbers, and incorrect numbers on said Bonds shall not be cause for the purchaser to refuse to accept delivery of the Bonds. The fee will be paid for by the Issuer.

Responsibility of Bidder: It is the responsibility of the bidder to deliver its signed, completed bid prior to the time of sale as posted on the front cover of the official statement. Neither the Issuer nor its Financial Advisor will assume responsibility for the collection of or receipt of bids. Bids received after the appointed time of sale will not be opened.

Continuing Disclosure: In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of the Rule, the Issuer will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution and pursuant to a Continuing Disclosure Certificate, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”). The information to be provided on annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Official Statement.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Bonds or Resolution. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the Issuer to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Bonds and their market price.

For more information see the Continuing Disclosure section herein.

Bond Insurance: Application has not been made for municipal bond insurance. Should the Bonds qualify for the issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance on the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Issuer has requested and received a rating on the Bonds from a municipal bond rating service, the Issuer will pay that rating fee. Any other rating service fees shall be the responsibility of the Purchaser.

Requested modifications to the Bond Resolution or other issuance documents shall be accommodated by the Issuer at its sole discretion. In no event will modifications be made regarding the investment of funds created under the Bond Resolution or other issuance documents without prior Issuer consent, in its sole discretion. Either the Purchaser or the insurer must agree, in the insurance commitment letter or separate agreement acceptable to the Issuer in its sole discretion, to pay any future continuing disclosure costs of the Issuer associated with any rating changes assigned to the municipal bond insurer after closing (for example, if there is a rating change on the municipal bond insurer that require a material event notice filing by the Issuer, the Purchaser or the municipal bond insurer must agree to pay the reasonable costs associated with such filing). Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 22, 2018

NEW ISSUE - DTC BOOK ENTRY ONLY

Rating: "A1"

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), 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 imposed. Interest on the Bonds is not exempt from present Iowa income taxes. The Bonds will be designated as "qualified tax-exempt obligations". See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein for a more detailed discussion.

\$9,955,000*

Winterset Community School District, Iowa
General Obligation School Bonds
Series 2019

Dated: Date of Delivery

The General Obligation School Bonds, Series 2019 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 Bankers Trust Company 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 May 1, and November 1 in each year, beginning November 1, 2019 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 May 1, 2025 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.

MATURITY SCHEDULE

Table with 10 columns: Bonds Due, Amount*, Rate *, Yield *, Cusip #'s **, Bonds Due, Amount*, Rate *, Yield *, Cusip #'s **. Rows list maturity dates from May 1, 2020 to May 1, 2029 with corresponding amounts and CUSIP numbers.

\$ _____ % Term bond due Priced to yield CUSIP # _____

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 January 3, 2019. 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 Date of this Official Statement is _____, 2018

* Preliminary, subject to change

** 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.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT
THE BONDS
BONDHOLDERS' RISKS
LITIGATION
ACCOUNTANT
UNDERWRITING
THE PROJECT
SOURCES & USES OF FUNDS
TAX MATTERS
FINANCIAL ADVISOR
CONTINUING DISCLOSURE
APPENDIX A - GENERAL INFORMATION ABOUT THE ISSUER
APPENDIX B - FORM OF LEGAL OPINION
APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX D - AUDITED FINANCIAL STATEMENTS OF THE ISSUER
APPENDIX E - FORM ISSUE PRICE CERTIFICATES

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 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 SECTIONS 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATIONS 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. THE DISTRICT 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.

OFFICIAL STATEMENT
WINTERSET COMMUNITY SCHOOL DISTRICT, IOWA
\$9,955,000* GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Winterset Community School District, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation School Bonds, Series 2019 (the “Bonds”). The Bonds are being issued to provide funds i) to remodel, repair, improve, furnish and equip the Elementary School Building and to improve the site; to remodel, repair, improve, furnish and equip the Junior/Senior High School Building and to improve the site; to construct, furnish and equip an addition to the Junior/Senior High School Building and related remodeling; to construct improvements and make site improvements to the Sports Complex; and to acquire land adjacent to the existing Junior/Senior High School Building, and ii) to pay costs of issuance for the Bonds. See “**SOURCES AND USES OF FUNDS**” herein.

This Preliminary 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 the property valuation 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 May 1 and November 1 in each year, beginning on November 1, 2019, 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, 2017, as amended, Chapter 296. The voters of the District approved the issuance of the Bonds at an election held on April 3, 2018.

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.

* Preliminary, subject to change

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 instrument (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 Participations 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 and www.dtc.org.

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 taken certain steps to augment transmission to them 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 have 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 by 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 Participants 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 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 May 1, 2025, 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 _____ are subject to mandatory redemption (by lot, as selected by the Registrar) on ____ 1 and _____ in each of the years ____ through ____ 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:

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.

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 or the Loan Agreement, including principal of and interest on the Bonds.

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.

Pension

Pursuant to GASB Statement No. 68, the School reported a liability of \$10,054,875 as of June 30, 2017 for its proportionate share of the net pension liability for Iowa Public Employee Retirement System ("IPERS"). The net pension liability is the amount by which the total actuarial liability exceeds the pension plan's net assets or fiduciary net position (essentially the market value) available for paying benefits. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2016, the School's collective proportion was .161233%, compared to .008921% from its proportion measured June 30, 2015. See School's Audited Financial Statements for Fiscal Year Ending June 30, 2017, Appendix D, for additional information.

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, subcontractor defaults, delays, and unknown contingencies.

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 District's Facilities

Although the District will be required to obtain and maintain certain kinds of insurance as set forth in the Resolution, there can be no assurance that the District will not suffer uninsured losses in the event of damage to or destruction of the District's facilities, including the Project, 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." Furthermore, the Bonds are subject to optional and mandatory redemption as set forth herein. See "THE BONDS" herein.

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 District from its business activities, such as its status as an employer. While the District maintains general liability insurance coverage, the District 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 District's financial condition.

Cleanup Costs and Liens Under Environmental Statutes

The District is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the site of 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 District could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the site of 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.

Rating

Moody's Investor Service (the "Rating Agency") has assigned a rating of "A1" 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.

Pending Federal Tax Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals are 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.

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.**"

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 District 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 Van Maanen, Sietstra, Nikkel, Meyer, 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 ____ (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 \$_____ 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 i) to remodel, repair, improve, furnish and equip the Elementary School Building and to improve the site; to remodel, repair, improve, furnish and equip the Junior/Senior High School Building and to improve the site; to construct, furnish and equip an addition to the Junior/Senior High School Building and related remodeling; to construct improvements and make site improvements to the Sports Complex; and to acquire land adjacent to the existing Junior/Senior High School Building, and ii) to pay costs of issuance for the Bonds and ii) to pay costs of issuance for the Bonds.

SOURCES AND USES OF FUNDS *

Sources of Funds	Bond Proceeds	\$9,955,000
	Reoffering Premium	TBD
Total Sources of Funds		\$9,955,000
Uses of Funds	Deposit to Project fund	\$9,895,000
	Estimated Costs of Issuance	60,000
	Underwriter's Discount	TBD
Total Uses of Funds		\$9,955,000

* Preliminary, subject to change

TAX EXEMPTION AND RELATED CONSIDERATIONS

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.

Qualified Tax Exemption Obligations

The Bonds will be designated as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3)(B) 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 Preliminary 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 Preliminary 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 Preliminary 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 Jaffray & 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 District will enter into a Continuing Disclosure Certificate (together, the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. The information to be provided, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.

A failure by the District 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 District to comply with its obligations under the Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default thereunder. If the District fails to comply with any provision of the Disclosure Certificate, the sole remedy available shall be an action to compel performance. A failure by the District 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.

On November 13, 2014, Assured Guaranty Corporation ("AGC"), the insurer on the Issuer's Series 2008 General Obligation School and Refunding Bonds, was assigned an "AA" rating by Kroll Rating Service. This rating was not requested by the Issuer and the Issuer was not notified of the presence of this rating by either AGC or Kroll. The rating currently is listed on the EMMA issuer homepage for the affected bonds. The Issuer became aware of the presence of the Kroll rating due to a separate notice given by AGC regarding AGC's effort to get Moody's Investor Service Inc. to remove its published rating on AGC. The Issuer filed a notice on EMMA of its failure to file a material event notice concerning the above-referenced rating.

I have reviewed the information contained within the Official Statement of the Winterset Community School District, State of Iowa, and to the best of our knowledge, information and belief said Official Statement does not contain any material misstatements of fact nor omissions of any material fact which is necessary to make the statements and information herein, in light of the circumstances under which they were made, not misleading regarding the issuance of \$9,955,000* General Obligation School Bonds, Series 2019.

WINTERSET COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Cammy Leners
Board Secretary

* Preliminary, subject to change

APPENDIX A - INFORMATION ABOUT THE ISSUER

**WINTERSET COMMUNITY SCHOOL DISTRICT, IOWA
DISTRICT OFFICIALS**

PRESIDENT	Jeff Nicholl
BOARD MEMBERS	Brenda Clifton James Baur Kelly Cain Jared McDonald
SUPERINTENDENT	Dr. Susie Meade
DISTRICT SECRETARY	Cammy Leners
DISTRICT TREASURER	Cammy Leners
DISTRICT ATTORNEY	Ahlers & Cooney, P.C.

CONSULTANTS

BOND & DISCLOSURE COUNSEL	Ahlers & Cooney P.C. Des Moines, Iowa
FINANCIAL ADVISOR	Piper Jaffray & Co. Des Moines, Iowa
PAYING AGENT	Bankers Trust Co. Des Moines, Iowa

General Information

The Winterset Community School District is located in Madison County in south central Iowa, approximately 35 miles southwest of Des Moines. Included within the District’s 283 square miles are the Cities of Winterset, Patterson and East Peru. Numerous employers are located within the District which helps to diversify and stabilize the local economy. In addition, the District’s close proximity to the Des Moines metropolitan area provides excellent employment and cultural opportunities. Continuing educational opportunities within easy commuting distance include: Drake University, Grandview College, and Des Moines University in Des Moines; Iowa State University, Ames; Des Moines Area Community College, Ankeny; and Simpson College, Indianola.

District Facilities

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	1969, 1995	9-12
Jr. High School	1995	7-8
Middle School	2011	4-6
Elementary	1957, 1982	PK-3
Technology Center	1997	7-12
Administration Building	1920	Administration/Career Tech Education

Source: Winterset CSD

Enrollment

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

	<u>Certified (Resident) (1)</u>	<u>Open Enroll In</u>	<u>Open Enroll Out</u>	<u>Total Served (2)</u>
October-17	1,710.4	89.0	115.7	1,683.7
October-16	1,703.7	76.0	108.8	1,670.9
October-15	1,722.6	104.0	111.0	1,715.6
October-14	1,725.5	99.0	102.3	1,722.2
October-13	1,714.9	105.0	113.9	1,706.0

Source: Department of Education

- 1 Used for Sales Tax distribution
- 2 Used for State Aid distribution

Staff

Presented below is a list of the District's 249 employees.

Administrators:	7	Media Specialists:	2
Teachers:	126	Nurses:	3
Teacher Aids:	52	Guidance:	4
Custodians:	13	Secretaries:	8
Food Service:	0	Transportation:	19
Other:	11	Maintenance:	4

Source: Winterset CSD

GASB 45

In June 2004, the Governmental Accounting Standards Board (“GASB”) issued GASB 45, which address how state and local governments are required to account for and report their costs and obligations related to other post employment benefits (“OPEB”), defined to include post retirement healthcare benefits. GASB 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension establishes financial reporting standards designed to measure, recognize and display OPEB costs. OPEB costs would become measurable on an accrual basis of accounting, and contribution rates (actuarially determined) would be prescribed for funding such costs. The provisions of GASB 45 do not require governments to fund their OPEBs. The Issuer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however the unfunded actuarial liability is required to be amortized over future periods.

Consistent with Iowa Code section 509A.13, the Issuer offers post-retirement health and dental benefits are available to all fulltime employees

of the Issuer who retire before attaining age 65. The group health insurance plan provided to full time Issuer employees allows retirees to continue medical coverage until they reach age 65. Although retirees pay 100% of the “cost of coverage”, the pre-age 65 group of retirees is grouped with the active employees when determining the cost of coverage. The computation creates an implicit rate subsidy that would not exist if the cost of the coverage for this group (pre-age 65 retirees) was computed separately and paid 100% by that group.

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 217 active and 6 retired members in the plan.

The medical/prescription drug benefit, is purchased through an outside provider. 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.

Funding Policy – the contribution requirements of plan members are established and may be amended by the District. The district currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Costs and Net OPEB Obligation - The District’s annual OPEB costs is calculated based on the annual required contribution of the District (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for June 30, 2017, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual Required Contribution	\$85,000
Interest on net OPEB obligation	24,000
Adjustment to annual required contribution	(22,000)
Annual OPEB costs (expense)	<u>87,000</u>
Contributions made	(38,730)
Increase in net OPEB obligation	<u>48,270</u>
Net OPEB obligation – beginning of year	611,730
Net OPEB obligation – end of year	<u>660,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as of July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2017.

The required contribution is based on projected pay-as-you-go financing. For the year ended June 30, 2017, the District contributed \$38,730. Plan members eligible for benefits contributed 100% of the premium costs.

The District’s annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are summarized as follows:

Fiscal Year ended	Annual OPEB Cost	Percentage of Annual OPEB cost contributed	Net OPEB obligation
June 30, 2016	\$81,321	118.05	611,730
June 30, 2017	87,000	44.52	660,000

Funded Status and Funding Progress – As of July 1, 2016, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$706,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$706,000. The covered payroll (annual payroll of active employees covered by the plan) was \$12,443,027, and the ratio of the UAAL to the covered payroll was 5.7%. As of June 30, 2017, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding process presented above, will present multi year trend information about whether other actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2016, actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% discount rate based on the District’s funding policy. The projected annual medical trend rate is 7.5%. The ultimate medical trend rate is 4.5%. The medical trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate.

Mortality rates are from the MD2015 Health Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from retirement probabilities from the IPERS Actuarial Report of June 30, 2015 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2015.

Projected claim costs of the medical plan are \$830 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Source: Winterset CSD’s 2017 Independent Audited Financial Statement

Employee Pension Plan

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. Moreover, IPERS maintains a website at 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. Although the actuarial contribution rates are calculated each year, the contribution rates were set by state law through June 30, 2012 and did not necessarily coincide with the actuarially calculated contribution rate. As a result, from June 30, 2002 through June 30, 2013, the rate allowed by statute was less than the actuarially required rate. 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.

In fiscal year 2017, pursuant to the IPERS’ required rate, the Issuer’s employees contributed 5.95% of pay and the Issuer contributed 8.93% for a total rate of 14.88 percent. The Issuer’s contributions to IPERS for the year ended June 30, 2017 were \$1,054,638 which amount is not less than its actuarially determined calculated annual actuarial valuation. 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
2013	\$961,126	8.67	\$640,750	5.78
2014	989,351	8.93	659,188	5.95
2015	1,047,192	8.93	697,737	5.95
2016	1,023,755	8.93	682,121	5.95
2017	1,054,638	8.93	702,698	5.95

SOURCE: Winterset CSD

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 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.

The following table sets forth certain information about the funding status of IPERS that has been extracted from the comprehensive annual financial reports of IPERS for the fiscal years ended June 30, 2017 through, and including, 2013 (collectively, the “IPERS CAFRs (2013-2017)”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the “IPERS Actuarial Reports (2013-2017)”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS administrative staff.

Table 2 – Funding Status of IPERS

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Liability [c]	Unfunded Actuarial 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]]
2013	24,711,096,187	24,756,663,715	30,498,342,320	5,787,246,133	81.02	5,741,678,605	81.17	6,880,131,134	84.12
2014	26,460,428,085	28,038,549,893	32,004,456,088	5,544,028,003	82.68	3,965,906,195	87.61	7,099,277,280	78.09
2015	27,915,379,103	28,429,834,829	33,370,318,731	5,454,939,628	83.65	4,940,483,902	85.19	7,326,348,141	74.46
2016	29,033,696,587	28,326,433,656	34,619,749,147	5,586,052,560	83.86	6,293,315,491	81.82	7,556,515,720	73.92
2017	30,472,423,914	30,779,116,326	37,440,382,029	6,967,958,115	81.39	6,661,265,703	82.21	7,863,160,443	88.62

Source: IPERS CAFRs (2013-2017) and IPERS Actuarial Reports (2013-2017)

For a description of the assumptions used when calculating the funding status of IPERS for the fiscal year ended June 30, 2017, see IPERS CAFRs (2013-2017)

Table 3 – Recent returns of IPERS

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

Fiscal Year Ended June 30	Investment Return %
2013	10.12
2014	15.88
2015	3.96
2016	2.15
2017	11.70

Net Pension Liabilities.

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The Issuer was required to implement GASB 68 in their year end June 30, 2015 financial statements.

At June 30, 2017, the Issuer reported a liability of \$10,054,875 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2016 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 7.5%. 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.

Bond Counsel, Disclosure Counsel, the Issuer, 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.

Investment of Public Funds

The District invests its funds pursuant to Chapter 12B of the Code. Presented below is the District's investing activities as of April 30, 2018.

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	\$0.00
Local Bank Deposit Accounts	3,087,775.01
Local Bank Time CD's	2,500,000.00
ISJIT Money Market	7,335,422.58
ISJIT Time CD's	0.00
Bankers Trust Pre-levy escrow	1,032,305.00

Source: Winterset CSD

Population

Presented below are population figures for the periods indicated for the city of Winterset:

<u>Year</u>	<u>Winterset</u>	<u>East Peru</u>	<u>Patterson</u>
2010	5,190	125	130
2000	4,768	153	126
1990	4,196	132	128
1980	4,031	124	138
1970	3,654	184	120
1960	3,639	173	157
1950	3,570	204	133

Source: U.S. Census Bureau

Major Employers

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

<u>Employer</u>	<u>Business</u>	<u>Approximate Employees</u>
Agriland FS, Inc.	Fertilizer Blending	45
AgriVision	Ag Implements	33
BB & P	Feed & ag inputs	25
City of Winterset	City government	36
CMR	HVAC/Building trades	20
Fareway	Grocery Store	35
Farmers & Merchants State Bank	Banking	35
Grip Tite Mfg	Basement and Foundation Piering Systems	13
Hyvee	Grocery store	65
Madison County	County government	85
Madison County Health Care System	Health care	120
MAHLE Tennex North America	Fuel Filters	48
Merchandising Frontiers Inc.	Custom retail & food service vending pushcarts	18
QHC	Assisted living/long term care facilities	45
Rose Acre Farms	Egg Processing	80
Shopko	Retail store	38
Union State Bank	Banking	25
Westbridge Care and Rehab	Skilled/Long term care facility	60
Winterset Community School Dist.	Education	249

Source: Madison County Development Group

Property Tax Assessment

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 & Buildings</u>	<u>Commercial</u>	<u>Multi-residential</u>
2018-19	55.6209	54.4480	90.0000	78.7500
2017-18	56.9391	47.4996	90.0000	82.5000
2016-17	55.6259	46.1068	90.0000	86.2500
2015-16	55.7335	44.7021	90.0000	100.0000
2014-15	54.4002	43.3997	95.0000	100.0000

Source: Iowa Department of Revenue

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, 2016 are used to calculate tax liability for the tax year starting July 1, 2017 through June 30, 2018. Presented below are the historic property valuations of the Issuer by class of property.

Property Valuations

Actual Valuation					
Valuation as of January	2017	2016	2015	2014	2013
Fiscal Year	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Residential:	542,680,134	492,927,681	477,205,757	459,327,198	447,026,568
Agricultural Land:	172,825,440	187,267,340	186,475,640	194,994,440	195,532,400
Ag Buildings:	8,686,700	10,404,200	9,869,500	13,481,600	13,229,600
Commercial:	43,725,352	40,888,601	36,481,572	44,264,922	44,467,562
Industrial:	9,973,600	6,659,300	3,221,700	4,745,300	4,128,754
Multiresidential:	9,171,661	9,719,789	8,721,187		
Personal RE:				0	0
Railroads:	0	0	0	0	0
Utilities:	14,777,892	14,065,961	15,656,629	15,003,745	14,577,302
Other:	0	0	0	0	0
Total Valuation:	801,840,779	761,932,872	737,631,985	731,817,205	718,962,186
Less Military:	924,148	933,408	951,928	990,820	979,708
Net Valuation:	800,916,631	760,999,464	736,680,057	730,826,385	717,982,478
TIF Valuation:	50,685,833	41,924,961	38,660,672	34,747,584	36,365,748
Utility Replacement:	23,722,533	23,854,612	23,784,912	22,455,478	20,910,941
Taxable Valuation					
Valuation as of January	2017	2016	2015	2014	2013
Fiscal Year	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Residential:	299,666,343	279,562,092	264,348,139	254,940,587	242,458,410
Agricultural Land:	94,058,542	88,917,562	85,945,957	87,135,587	84,860,541
Ag Buildings:	4,729,693	4,941,709	4,550,491	6,026,522	5,741,652
Commercial:	37,183,133	34,574,760	30,690,902	37,662,762	41,207,417
Industrial:	8,968,000	5,985,130	2,891,290	4,262,530	3,875,349
Multiresidential:	6,619,641	7,493,196	7,094,029		
Personal RE:				0	0
Railroads:	0	0	0	0	0
Utilities:	14,777,892	14,065,961	15,656,629	15,003,745	14,577,302
Other:	0	0	0	0	0
Total Valuation:	466,003,244	435,540,410	411,177,437	405,031,733	392,720,671
Less Military:	924,148	933,408	951,928	990,820	979,708
Net Valuation:	465,079,096	434,607,002	410,225,509	404,040,913	391,740,963
TIF Valuation:	41,790,407	36,418,948	34,098,776	30,657,238	30,797,647
Utility Replacement:	10,940,938	10,900,492	11,745,015	12,193,519	12,424,610
Valuation Change					
Valuation Year	Actual Valuation w/ Utilities	% Change in Actual Valuation	Taxable Valuation w/ Utilities	% Change in Taxable Valuation	
2017	875,324,997	5.87%	517,810,441	7.45%	
2016	826,779,037	3.46%	481,926,442	5.67%	
2015	799,125,641	1.41%	456,069,300	2.05%	
2014	788,029,447	1.65%	446,891,670	2.74%	
2013	775,259,167	7.31%	434,963,220	0.62%	

Source: Iowa Department of Management

Tax Rates

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

<u>Fiscal Year</u>	<u>Operating Fund</u>	<u>Management Fund</u>	<u>Board PPEL</u>	<u>Voter PPEL</u>	<u>Play Ground</u>	<u>Debt Service</u>	<u>School House</u>	<u>Total Levy</u>
2019	10.67764	1.04882	0.33000	1.34000	0.00000	3.84354	0.00000	17.24000
2018	11.07409	0.44740	0.33000	1.34000	0.00000	4.04851	0.00000	17.24000
2017	11.06510	1.56354	0.33000	1.34000	0.00000	3.19136	0.00000	17.49000
2016	11.83181	0.78819	0.33000	1.34000	0.00000	3.20000	0.00000	17.49000
2015	13.55096	1.12848	0.32994	1.33976	0.00000	2.14086	0.00000	18.49000
2014	14.50051	2.05000	0.33000	0.00000	0.00000	2.14556	0.00000	19.02607

Source: Iowa Department of Management

Historic Tax Rates

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

<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>Total Levy Rate</u>
2019	15.29031	17.24000	0.69468	0.00290	0.45465	0.32700	2.64064	5.84050	42.49068
2018	15.10550	17.24000	0.67458	0.00310	0.43600	0.29564	2.64064	5.85454	42.25000
2017	14.99786	17.49000	0.72334	0.00330	0.40071	0.31971	2.64064	5.83971	42.41527
2016	15.02406	17.49000	0.67574	0.00330	0.35232	0.29914	2.64073	5.38978	41.87507
2015	15.19885	18.49000	0.65724	0.00330	0.36734	0.29795	2.64064	5.28506	42.94038
2014	15.34423	19.02607	0.69120	0.00300	0.38092	0.28977	2.64064	5.28501	43.66084

Source: Iowa Department of Management

Tax Collection History

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

<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected</u>	<u>Percentage Collected</u>
2019	\$8,468,076	In Collection	NA
2018	7,914,860	In Collection	NA
2017	7,573,621	\$7,603,136	100.39%
2016	7,456,666	7,467,268	100.14%
2015	7,617,647	7,666,962	100.65%
2014	7,801,920	7,818,701	100.22%
2013	7,681,514	7,685,177	100.05%

Source: Winterset CSD

{Remainder of Page Left Blank Intentionally}

Largest Taxpayers

Set forth in the following table are the persons or entities which represent the 2017 largest taxpayers within the Issuer, as provided by the Auditors Offices of each of said counties. 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>2017 Taxable Valuation</u>	<u>Percent of Total</u>
Mid American Energy Company (Utility)	\$6,696,879	1.29%
Qwest Corporation	6,267,392	1.21%
Mid American Energy Company (Industrial)	6,180,300	1.19%
Heartland Coop	5,529,780	1.07%
Nat'L Gas	3,427,289	0.66%
Oneok North System LLC	3,332,378	0.64%
Kading Properties, LLC	3,282,333	0.63%
Remington Seeds, LLC	2,538,810	0.49%
Agrivision Group Properties, LLC	2,507,490	0.48%
Central Iowa Power	2,417,402	0.47%
	Total	8.15%

Source: County Auditor Office
 (1) 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 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. Approximately 4.59% of the Issuer's tax base currently is utility property. Notwithstanding the foregoing, the Issuer has the obligation to levy taxes against all the taxable property in the Issuer sufficient to pay principal of and interest on the Bonds.

{Remainder of Page Left Blank Intentionally}

DIRECT DEBT

General Obligation School Bonds (Debt Service)

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:

Fiscal Year	<u>7/1/08</u>	<u>11/1/09</u>	Prepay* <u>7/1/08</u>	Prepay* <u>11/1/09</u>	<u>7/24/18</u>	PRELIM <u>1/3/19</u>	Total <u>Principal</u>	Total <u>Interest</u>	Total <u>P&I</u>
2019	465,000	150,000			870,000		1,485,000	501,340	1,986,340
2020	485,000	155,000			100,000	270,000	1,010,000	981,004	1,991,004
2021	505,000	160,000			100,000	180,000	945,000	806,685	1,751,685
2022	525,000	170,000			100,000	180,000	975,000	773,343	1,748,343
2023	545,000	180,000			100,000	185,000	1,010,000	738,303	1,748,303
2024	565,000	185,000			100,000	195,000	1,045,000	701,490	1,746,490
2025	590,000	195,000			100,000	200,000	1,085,000	662,845	1,747,845
2026	610,000	205,000	-310,000		100,000	520,000	1,125,000	622,155	1,747,155
2027	635,000	215,000	-635,000		200,000	750,000	1,165,000	582,440	1,747,440
2028	665,000	225,000	-665,000	-225,000	420,000	780,000	1,200,000	543,945	1,743,945
2029		235,000		-235,000	430,000	815,000	1,245,000	506,385	1,751,385
2030					445,000	835,000	1,280,000	466,590	1,746,590
2031					450,000	875,000	1,325,000	424,850	1,749,850
2032					480,000	890,000	1,370,000	380,275	1,750,275
2033					1,000,000	410,000	1,410,000	332,875	1,742,875
2034					1,000,000	465,000	1,465,000	284,705	1,749,705
2035					1,000,000	520,000	1,520,000	233,535	1,753,535
2036					1,000,000	570,000	1,570,000	179,515	1,749,515
2037					1,000,000	630,000	1,630,000	122,785	1,752,785
2038					1,000,000	685,000	1,685,000	62,900	1,747,900
Totals:	5,590,000	2,075,000	-1,610,000	-460,000	9,995,000	9,955,000	25,545,000	9,907,965	35,452,965

* Principal amounts only, not including interest amounts due, have been deposited into a defeasance escrow account. Reduction of interest payment is reflected in the total interest column.

Source: Winterset CSD

General Obligation School Capital Loan Notes (PPEL)

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

Anticipatory Warrants

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

{Remainder of Page Left Blank Intentionally}

School Infrastructure Sales, Services & Use Tax Revenue Bonds

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

<u>Fiscal Year*</u>	<u>6/27/17</u>	Total <u>Principal</u>	Total <u>Interest</u>	Total <u>P&I</u>
2019	360,000	360,000	97,680	457,680
2020	365,000	365,000	89,688	454,688
2021	375,000	375,000	81,585	456,585
2022	380,000	380,000	73,260	453,260
2023	390,000	390,000	64,824	454,824
2024	400,000	400,000	56,166	456,166
2025	410,000	410,000	47,286	457,286
2026	415,000	415,000	38,184	453,184
2027	425,000	425,000	28,971	453,971
2028	435,000	435,000	19,536	454,536
2029	445,000	445,000	9,879	454,879
Totals:	4,400,000	4,400,000	607,059	5,007,059

Source: Winterset CSD

Debt Limit

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:

1/1/2017 Actual Valuation:	875,324,997
X	0.05
Statutory Debt Limit:	43,766,250
Total General Obligation Debt:	25,545,000
Total Lease Purchases:	
Total Loan Agreements:	
Capital Leases:	
Total Debt Subject to Limit:	25,545,000
Percentage of Debt Limit Obligated:	58.37%

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 \$4,400,000 to be \$29,945,000, or 68.42% of the statutory debt limit.

Source: Iowa Department of Management

Overlapping & Underlying Debt

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>2017 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City of East Peru	\$0	1,864,149	\$1,864,149	100.00%	\$0
City of Patterson	\$114,750	2,503,909	2,503,909	100.00%	114,750
City of Winterset	10,306,200	199,836,525	199,836,525	100.00%	10,306,200
Madison County	735,000	902,350,517	517,810,441	57.38%	421,777
Des Moines Area Community College	74,205,000	47,685,435,379	517,810,441	1.09%	805,783
Heartland Area Education Agency 11	0	47,685,435,379	517,810,441	1.09%	0

Total Overlapping & Underlying Debt: \$11,648,510

Source: Iowa Department of Management

Financial Summary

Actual Value of Property, 2017:	\$875,324,997
Taxable Value of Property, 2017:	517,810,441
Direct General Obligation Debt:	\$25,545,000
Overlapping Debt:	11,648,510
Direct & Overlapping General Obligation Debt:	\$37,193,510
Population, 2010 US Census:	9,444
Direct Debt per Capita:	\$2,704.89
Total Debt per Capita:	\$3,938.32
Direct Debt to Taxable Valuation:	4.93%
Total Debt to Taxable Valuation:	7.18%
Direct Debt to Actual Valuation:	2.92%
Total Debt to Actual Valuation:	4.25%
Actual Valuation per Capita:	\$92,686
Taxable Valuation per Capita:	\$54,830

Source: Iowa Department of Management

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 Winterset Community School District in the County of Madison, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2019, by said Issuer, dated January 3, 2019, 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 Winterset Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$ _____ General Obligation School Bonds, Series 2019 (the "Bonds") dated January 3, 2019. The Bonds are being issued pursuant to a Resolution of the Issuer approved on _____, 2018 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. 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).

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.

"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 _____, 2018.

"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(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, 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 (currently June 30), commencing with information for the 2018/2019 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 of the type contained in the final Official Statement under the caption "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; and
 - xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- 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. Additional Filing. The Issuer's audited financial statements for fiscal year ending June 30, 2018 were not available for inclusion in

the Final Official Statement. The Issuer agrees to file these audited financial statements in the same manner as the Annual Financial Information when they become available.]

Section 7. 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 8. 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 9. 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 10. 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 11. 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 12. 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 13. 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.

Date: _____ day of _____, 2019.

WINTERSET COMMUNITY SCHOOL
DISTRICT, STATE OF IOWA

By: _____
President

ATTEST:

By: _____
Secretary of the Board of Directors

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE
TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: Winterset Community School District, Iowa.
Name of Bond Issue: \$ _____ General Obligation School Bonds, Series 2019
Dated Date of Issue: January 3, 2019

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__.

WINTERSET COMMUNITY SCHOOL
DISTRICT, STATE OF IOWA

By: _____
Its: _____

APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2017 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 <http://auditor.iowa.gov/reports/index.html>.

The remainder of this page was left blank intentionally.

WINTERSET COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2017

Table of Contents

	<u>Page</u>
Board of Education and School District Officials	2
Independent Auditor's Report	3-4
Management's Discussion and Analysis (MD&A)	5-13
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 15-16
Statement of Activities	B 17-18
Governmental Funds Financial Statements:	
Balance Sheet	C 19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D 20
Statement of Revenues, Expenditures and Changes in Fund Balances	E 21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds To the Statement of Activities	F 23
Proprietary Funds Financial Statements:	
Statement of Net Position	G 24
Statement of Revenues, Expenses and Changes in Fund Net Position	H 25
Statement of Cash Flows	I 26
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Position	J 27
Statement of Changes in Fiduciary Net Position	K 28
Notes to Financial Statements	29-43
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds	45
Notes to Required Supplementary Information - Budgetary Reporting	46
Schedule of the District's Proportionate Share of the Net Pension Liability	47
Schedule of District Contributions	48
Notes to Required Supplementary Information - Pension Liability	49
Schedule of Funding Progress for the Retiree Health Plan	50
Supplementary Information:	<u>Schedule</u>
Non-major Governmental Funds:	
Combining Balance Sheet	1 52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 53
Capital Projects Fund Accounts:	
Combining Balance Sheet	3 54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4 55
Proprietary Funds:	
Combining Statement of Net Position	5 56
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	6 57
Combining Statement of Cash Flows	7 58
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	8 59
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	9 60-61
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	10 62
Schedule of Expenditures of Federal Awards	11 63
Notes to Schedule of Expenditures of Federal Awards	64
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65-66
Independent Auditor's Report on Compliance for Each Major Federal Program and Internal Control over Compliance Required by the Uniform Guidance	67-68
Schedule of Findings and Questioned Costs	69-71

**Winterset Community School District
Board of Education and School District Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Jeff Nicholl	President	2017
Karen Brookhart	Vice-President	2017
Brenda Clifton	Board Member	2019
Kelly Cain	Board Member	2019
James Baur	Board Member	2019
School District Officials		
Dr. Susie Meade	Superintendent	2017
Cammy Leners	Business Manager/Board Secretary	2017
Ahlers Law Firm	Attorney	Indefinite



705 Main Street
Pella, IA 50219
Ph.: 641-628-3737
Fax: 641-628-3757

www.vanmaanencpa.com

Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education of
Winterset Community School District:

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 Winterset Community School District, Winterset, Iowa, as of and for the year ended June 30, 2017, 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.

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 Winterset Community School District as of June 30, 2017, and the respective changes in financial position and, where applicable, its 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 Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 13 and 45 through 50 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 the 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 the Winterset Community School District's basic financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2009, and we audited the financial statements for the seven years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 4, 2017, on our consideration of the Winterset Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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 Winterset Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 4, 2017

The Winterset 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, 2017. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2017 Financial Highlights

- Financial solvency ratio is a measure of the financial health of a School District used to determine the District's ability to fund outstanding financial liabilities at fiscal year-end. A targeted solvency ratio range of 5% - 15% is recommended. At June 30, 2016, Winterset Community School District had a solvency ratio of 25.76%. With this in mind, the District established a line item budget for fiscal 2017 where expenditures exceeded revenues for the first time in 7 years. Additional "one time", non-recurring expenditures added to the line item budget included a large investment in district wide professional development, and review and adoption of career-technical education (CTE) and music curriculum.
- The District's General Fund total expenditures exceeded total revenues by \$528,070 as budgeted.
- Advanced refunding of District revenue bonds reduced total debt service payments over the next 12 years by \$447,003.
- The District debt service levy of \$4.05 includes a pre-levy of \$460,000 to call outstanding general obligation bonds. Pre-levy in FY16 of \$565,000 and an April 2017 resolution to pre-levy \$1,045,000 in FY18 will save \$805,520 in interest costs and shorten the term of the debt by 3+ years.
- In October 2016, the certified enrollment dropped by 19 students impacting state funding in FY17. Student count rebounded by 7 students in October 2017.
- Substantial completion of a \$1.3M roofing project financed with capital project funds.
- No early retirement incentives offered

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 Winterset 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 Winterset 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 Winterset 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 net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

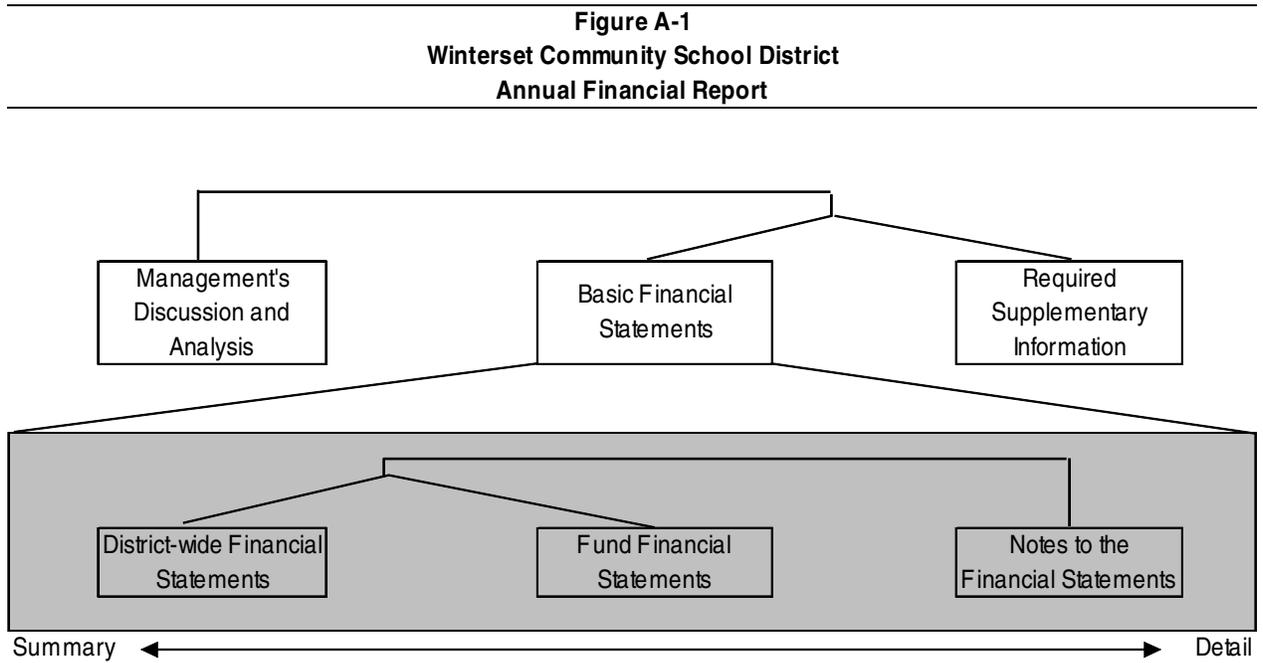


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2				
Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as the special education and building maintenance	Activities the district operates similar to private businesses: food services and student construction.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of Net Position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of Net Position * Statement of revenues, expenses and changes in fund Net Position * Statement of cash flows	* Statement of fiduciary Net Position * Statement of changes in fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid
Common names of district funds included	All funds with the exception of scholarship funds	General, PPEL, Management, Student Activity, Debt Service, Capital Projects	Nutrition Fund, Student Construction	Special Projects

Reporting the 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 or resources, with the difference reported as net position. 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 is one way to measure the District's financial health or position. Over time, increases or decreases in the District's Net Position are an indicator of whether financial position is improving or deteriorating. 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, administration and facility improvements. 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 and student construction are 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:

- ◆ 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 the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental fund statements explains the relationship or differences between the two statements.

The District's governmental funds include the General Fund, Debt Service Fund, Capital Projects Funds, and Special Revenue Funds.

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

- ◆ Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the School Construction Fund. The required financial statements for the 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.

- ◆ Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-purpose Trust and Agency Funds.

**Winterset Community School District
Management's Discussion and Analysis
June 30, 2017**

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund. There are currently 8 scholarship trust funds: V Smith, Harpole, Hendricks, See, Newton, Dorrell, Schwertfegerr and McGuiness .
- Agency Fund- These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District organizations and related expenditures.

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 District-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 fund financial statements follow the fund financial statements.

Government-wide Financial Analysis

Figure A-3 below provides a summary of the District's Net Position at June 30, 2017 compared to June 30, 2016.

Figure A-3 Condensed Statement of Net Position							
	Governmental Activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2017	2016	2017	2016	2017	2016	2016-2017
Current assets	\$ 19,768,396	21,394,243	444,727	480,851	20,213,123	21,875,094	-7.6%
Noncurrent assets	26,030,755	24,186,984	14,677	21,002	26,045,432	24,207,986	7.6%
Total assets	45,799,151	45,581,227	459,404	501,853	46,258,555	46,083,080	0.4%
Deferred outflows of resources	4,690,121	2,836,787	-	-	4,690,121	2,836,787	-
Current liabilities	3,105,043	3,025,135	34,907	109,961	3,139,950	3,135,096	0.2%
Noncurrent liabilities	22,811,241	22,518,123	-	-	22,811,241	22,518,123	1.3%
Total liabilities	25,916,284	25,543,258	34,907	109,961	25,951,191	25,653,219	1.2%
Deferred inflows of resources	10,169,291	10,108,409	-	-	10,169,291	10,108,409	0.6%
Net Position:							
Invested in capital assets, net of related debt	13,580,275	9,864,058	14,677	21,002	13,594,952	9,885,060	37.5%
Nonspendable for prepaid expenses	9,366	-	-	-	9,366	-	n/a
Restricted	5,427,495	6,934,709	-	-	5,427,495	6,934,709	-21.7%
Unrestricted	(4,613,439)	(4,032,420)	409,820	370,890	(4,203,619)	(3,661,530)	-14.8%
Total Net Position	\$ 14,403,697	12,766,347	424,497	391,892	14,828,194	13,158,239	12.7%

The District's combined Net Position increased by 12.7% or \$1,669,955.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* was implemented during fiscal year 2015. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

**Winterset Community School District
Management's Discussion and Analysis
June 30, 2017**

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 capital assets is liquidated with resources other than capital assets. Restricted Net Position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The District's restricted Net Position decreased \$1,507,214 or 21.7% over the prior year.

Unrestricted Net Position – 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, decreased \$542,089 or 14.8%.

Figure A-4 shows the change in Net Position for the year ended June 30, 2017 as compared to the year ended June 30, 2016.

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2017	2016	2017	2016	2017	2016	2016-2017
Revenues:							
Program revenues:							
Charges for service	\$ 1,002,104	1,172,508	508,468	506,049	1,510,572	1,678,557	-10.0%
Operating grants, contributions and restricted interest	3,385,008	3,290,729	395,440	396,022	3,780,448	3,686,751	2.5%
General revenues:							
Property tax	8,048,892	7,868,658	-	-	8,048,892	7,868,658	2.3%
Statewide sales and service tax	1,649,363	1,646,795	-	-	1,649,363	1,646,795	0.2%
Unrestricted state grants	8,894,501	8,646,395	-	-	8,894,501	8,646,395	2.9%
Unrestricted investment earnings	52,655	26,205	742	177	53,397	26,382	102.4%
Other	243,565	281,604	-	-	243,565	281,604	-13.5%
Total revenues	<u>23,276,088</u>	<u>22,932,894</u>	<u>904,650</u>	<u>902,248</u>	<u>24,180,738</u>	<u>23,835,142</u>	<u>1.4%</u>
Program expenses:							
Governmental activities:							
Instruction	\$ 13,632,572	\$ 12,455,218	120,771	127,063	13,753,343	12,582,281	9.3%
Support services	6,371,376	6,213,169	-	-	6,371,376	6,213,169	2.5%
Non-instructional programs	-	-	751,274	700,264	751,274	700,264	7.3%
Other expenses	1,634,690	1,792,921	-	-	1,634,690	1,792,921	-8.8%
Total expenses	<u>21,638,638</u>	<u>20,461,308</u>	<u>872,045</u>	<u>827,327</u>	<u>22,510,683</u>	<u>21,288,635</u>	<u>5.7%</u>
Change in Net Position	<u>\$ 1,637,450</u>	<u>2,471,586</u>	<u>32,605</u>	<u>74,921</u>	<u>1,670,055</u>	<u>2,546,507</u>	<u>-34.4%</u>

In fiscal 2017, property tax, statewide sales, services and use tax, and unrestricted state grants account for 80% of the total revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.9% of the revenue from business type activities.

The District's total revenues were \$24,180,738, of which \$23,276,088 was for governmental activities and \$904,650 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.4% increase in revenues and a 5.7% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$23,276,088 and expenses were \$21,638,638.

The following table in Figure A-5 presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2017	2016	2017-2016	2017	2016	2016-2017
Instruction	\$ 13,632,572	12,455,218	9.5%	9,965,534	8,703,667	14.5%
Support services	6,371,376	6,213,169	2.5%	6,357,671	6,201,159	2.5%
Noninstructional programs	-	-	0.0%	-	-	0.0%
Other expenses	1,634,690	1,792,921	-8.8%	928,321	1,093,245	-15.1%
Totals	\$ 21,638,638	20,461,308	5.8%	17,251,526	15,998,071	7.8%

- The cost financed by users of the District's programs was \$1,002,104
- Federal and state government subsidized certain programs with grants and capital contributions totaling \$3,385,008
- The net cost of governmental activities was financed with \$8,048,892 in local tax, \$1,649,363 in statewide sales, services and use tax, \$8,894,501 in unrestricted state grants and \$52,655 in interest income.

Business Type Activities

Revenues for business type activities were \$904,650 and expenses were \$872,045. The District's business type activities include the School Nutrition and Student Construction Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Winterset 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 government funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$9,450,385, compared to last year's ending fund balances of \$11,568,023.

Governmental Fund Highlights

- The District's decrease in its General Fund financial position from \$4,567,851 in fiscal 2016 to \$4,039,781 in fiscal 2017 is primarily due to one-time increased expenditures in district wide professional development and curriculum review.
- Capital Projects Fund balance decreased from \$3,905,784 in fiscal 2016 to \$1,807,719 in fiscal 2017 with the completion of a major roofing project.

Proprietary Fund Highlights

The Proprietary Fund Net Position increased from \$391,892 at June 30, 2016 to \$424,497 at June 30, 2017, representing an increase of 8.3%.

BUDGETARY HIGHLIGHTS

The District's actual revenues were \$1,696,871 more than the certified budget, a variance of 7.6%.

Total actual expenditures were \$7,116,355 less than the certified budget. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its' line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year. The District amended its' certified budget due to revenue bond refunding in June 2017.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District had invested \$26,012,356 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, machinery, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 8.1% from last year. More detailed information about the District's capital assets is presented in the notes to the financial statements. Depreciation expense for the year was \$1,372,461.

The original cost of the District's capital assets was \$39,628,337. Governmental funds account for \$39,347,727 with the remainder of \$280,610 in the Proprietary, School Nutrition Fund.

	Governmental Activities		Business Type activities		Total School District		Total
	June 30,		June 30,		June 30,		Change
	2017	2016	2017	2016	2017	2016	2016-2017
Land	\$ 954,851	457,901	-	-	954,851	457,901	108.5%
Buildings	22,812,381	21,737,174	-	-	22,812,381	21,737,174	4.9%
Improvements other than buildings	1,113,287	953,254	-	-	1,113,287	953,254	16.8%
Furniture and equipment	1,096,145	762,276	14,677	21,002	1,110,822	783,278	41.8%
Construction in progress	21,015	123,453	-	-	21,015	123,453	n/a
Totals	\$ 25,997,679	24,034,058	14,677	21,002	26,012,356	24,055,060	8.1%

Long Term Debt

At June 30, 2017, the District had \$23,831,509 in general obligation and other long-term debt outstanding. This represents an increase of 1.7% from last year due primarily to the regulations regarding reporting pension liability. (See Figure A-7) Additional information about the District's long-term debt is presented in the notes to the financial statements.

Figure A-7			
Outstanding Long-Term Obligations			
	June 30,		Change
	2017	2016	2016-2017
General obligation bonds	\$ 8,250,000	8,815,000	-6.4%
Revenue bonds	4,750,000	5,355,000	-11.3%
Early retirement	42,456	142,181	-70.1%
Compensated absences	74,178	57,625	28.7%
Net pension liability	10,054,875	8,459,099	18.9%
Other postemployment benefits	660,000	611,730	7.9%
Totals	\$ 23,831,509	23,440,635	1.7%

As of June 30, 2017, the District had outstanding general obligation bonds of \$8,250,000, outstanding revenue bonds of \$4,750,000, outstanding early retirement benefits of \$42,456 payable from the Special Revenue, Management Fund, outstanding compensated absences of \$74,178 payable from the General Fund, net pension liability of \$10,054,875 and net OPEB liability of \$660,000.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which may affect financial health in the future:

- Every year the District negotiates new agreements with the Winterset Community Education Association (WCEA) for certified staff and the Winterset Educational Support Employees Association (WESEA) for support personnel. Any settlements in excess of "new money" or growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- The Iowa legislature set allowable growth for fiscal 2018 at only 1.1% and at the time of this report, had not yet set the fiscal 2019 amount as required by Iowa legislative code.
- Net Taxable valuations for the District rose 1.378% for fiscal 2017. Winterset Community School District is considered to be "property poor", ranking 289th out of 333 total districts, with a net taxable valuation per pupil of \$244,961.
- Certified enrollment (October 1, 2017) for fiscal 2018 funding was 1710, an increase of 7 students from October 1, 2016. New infrastructure (roads and bridge) in the NE corridor of the District is projected to increase population and enrollment. The District has employed a demographer to assist with enrollment forecasting.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide 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, please contact Cammy Leners, Business Manager/Board Secretary, Winterset Community School District, 110 W. Washington, P.O. Box 30, Winterset, Iowa, 50273-0030.

Basic Financial Statements

Winterset Community School District
Statement of Net Position
June 30, 2017

	Governmental Activities	Business Type Activities	Total
Assets			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 10,978,236	424,927	11,403,163
Receivables:			
Property tax:			
Delinquent	68,589	-	68,589
Succeeding year	7,914,860	-	7,914,860
Income surtax	398,389	-	398,389
Accounts	1,820	577	2,397
Due from other governments	397,136	4,346	401,482
Prepaid expenses	9,366	-	9,366
Inventories	-	14,877	14,877
Total current assets	<u>19,768,396</u>	<u>444,727</u>	<u>20,213,123</u>
Noncurrent assets:			
Deferred bond costs	33,076	-	33,076
Capital assets, net of accumulated depreciation	25,997,679	14,677	26,012,356
Total noncurrent assets	<u>26,030,755</u>	<u>14,677</u>	<u>26,045,432</u>
Total assets	<u>45,799,151</u>	<u>459,404</u>	<u>46,258,555</u>
Deferred Outflow of Resources			
Pension related deferred outflows	4,116,769	-	4,116,769
Deferred charge on refunding	573,352	-	573,352
Total deferred outflows of resources	<u>4,690,121</u>	<u>-</u>	<u>4,690,121</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 280,938	16,368	297,306
Salaries and benefits payable	1,667,497	-	1,667,497
Accrued interest payable	56,181	-	56,181
Due to other governments	56,327	-	56,327
Advances from prepaid lunches	-	18,539	18,539
Revenue bonds payable	350,000	-	350,000
General obligation bonds payable	585,000	-	585,000
Compensated absences	74,178	-	74,178
Early retirement	34,922	-	34,922
Total current liabilities	<u>3,105,043</u>	<u>34,907</u>	<u>3,139,950</u>
Noncurrent liabilities:			
General obligation bonds payable	7,665,000	-	7,665,000
Revenue bonds payable	4,400,000	-	4,400,000
Early retirement	7,534	-	7,534
Bond premium	23,832	-	23,832
Net pension liability	10,054,875	-	10,054,875
Other post employment benefits	660,000	-	660,000
Total noncurrent liabilities	<u>22,811,241</u>	<u>-</u>	<u>22,811,241</u>
Total liabilities	<u>25,916,284</u>	<u>34,907</u>	<u>25,951,191</u>

**Winterset Community School District
Statement of Net Position
June 30, 2017**

	Governmental Activities	Business Type Activities	Total
Deferred Inflows of Resources			
Unavailable property tax revenue	7,914,860	-	7,914,860
Income surtax	398,389	-	398,389
Pension related deferred inflows	1,856,042	-	1,856,042
Total deferred inflows of resources	10,169,291	-	10,169,291
Net Position			
Net investment in capital assets	13,580,275	14,677	13,594,952
Nonspendable for:			
Prepaid Expenses	9,366	-	9,366
Restricted for:			
Management levy purposes	1,955,794	-	1,955,794
Physical plant and equipment	474,339	-	474,339
Student activities	182,110	-	182,110
School infrastructure	917,010	-	917,010
Debt service	1,825,170	-	1,825,170
Categorical funding	73,072	-	73,072
Unrestricted	(4,613,439)	409,820	(4,203,619)
Total net position	\$ 14,403,697	424,497	14,828,194

See notes to financial statements.

**Winterset Community School District
Statement of Activities
Year Ended June 30, 2017**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities:						
Instruction:						
Regular	\$ 8,592,706	663,458	2,214,523	(5,714,725)	-	(5,714,725)
Special	3,559,273	109,970	443,442	(3,005,861)	-	(3,005,861)
Other	1,480,593	219,323	16,322	(1,244,948)	-	(1,244,948)
	<u>13,632,572</u>	<u>992,751</u>	<u>2,674,287</u>	<u>(9,965,534)</u>	<u>-</u>	<u>(9,965,534)</u>
Support Service:						
Student	612,132	-	-	(612,132)	-	(612,132)
Instructional staff	1,429,011	-	-	(1,429,011)	-	(1,429,011)
Administration	1,557,138	-	-	(1,557,138)	-	(1,557,138)
Operating and maintenance of plant	1,859,515	-	-	(1,859,515)	-	(1,859,515)
Transportation	913,580	9,353	4,352	(899,875)	-	(899,875)
	<u>6,371,376</u>	<u>9,353</u>	<u>4,352</u>	<u>(6,357,671)</u>	<u>-</u>	<u>(6,357,671)</u>
Other expenditures:						
Facilities acquisition	386,032	-	-	(386,032)	-	(386,032)
Long-term debt interest	542,289	-	-	(542,289)	-	(542,289)
AEA flowthrough	706,369	-	706,369	-	-	-
	<u>1,634,690</u>	<u>-</u>	<u>706,369</u>	<u>(928,321)</u>	<u>-</u>	<u>(928,321)</u>
Total governmental activities	21,638,638	1,002,104	3,385,008	(17,251,526)	-	(17,251,526)
Business type activities:						
Instructional programs						
Student construction services	120,771	120,771	-	-	-	-
Non-instructional programs:						
Nutrition services	751,274	387,697	395,440	-	31,863	31,863
Total business type activities	<u>872,045</u>	<u>508,468</u>	<u>395,440</u>	<u>-</u>	<u>31,863</u>	<u>31,863</u>
Total primary government	<u>\$ 22,510,683</u>	<u>1,510,572</u>	<u>3,780,448</u>	<u>(17,251,526)</u>	<u>31,863</u>	<u>(17,219,663)</u>

**Winterset Community School District
Statement of Activities
Year Ended June 30, 2017**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Totals continued from previous pages	<u>\$ 22,510,683</u>	<u>1,510,572</u>	<u>3,780,448</u>	(17,251,526)	31,863	(17,219,663)
General Revenues:						
Property tax levied for:						
General purposes				5,831,083	-	5,831,083
Debt service				1,455,935	-	1,455,935
Capital outlay				761,874	-	761,874
Statewide sales and services tax				1,649,363	-	1,649,363
Unrestricted state grants				8,894,501	-	8,894,501
Unrestricted investment earnings				52,655	742	53,397
Contributions not restricted to specific programs				61,026	-	61,026
Other				182,539	-	182,539
Total general revenues				<u>18,888,976</u>	<u>742</u>	<u>18,889,718</u>
Change in net position				1,637,450	32,605	1,670,055
Net position beginning of year, as restated				<u>12,766,247</u>	<u>391,892</u>	<u>13,158,139</u>
Net position end of year				<u>\$ 14,403,697</u>	<u>424,497</u>	<u>14,828,194</u>

See notes to financial statements.

**Winterset Community School District
Balance Sheet
Governmental Funds
June 30, 2017**

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 5,721,106	1,463,132	1,662,561	2,131,437	10,978,236
Receivables:					
Property tax:					
Current year delinquent	43,393	12,515	6,549	6,132	68,589
Succeeding year	4,959,639	1,951,084	804,817	199,320	7,914,860
Income surtax	398,389	-	-	-	398,389
Accounts	170	1,250	-	400	1,820
Due from other governments	223,375	-	171,284	2,477	397,136
Prepaid expenses	9,366	-	-	-	9,366
Total assets	\$ 11,355,438	3,427,981	2,645,211	2,339,766	19,768,396
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 233,805	11,916	32,675	2,542	280,938
Salaries and benefits payable	1,667,497	-	-	-	1,667,497
Due to other governments	56,327	-	-	-	56,327
Total liabilities	1,957,629	11,916	32,675	2,542	2,004,762
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	4,959,639	1,951,084	804,817	199,320	7,914,860
Income surtax	398,389	-	-	-	398,389
Total deferred inflows of resources	5,358,028	1,951,084	804,817	199,320	8,313,249
Fund balances:					
Nonspendable for:					
Prepaid Expenses	9,366	-	-	-	9,366
Restricted for:					
Categorical funding	73,072	-	-	-	73,072
Debt service	-	1,464,981	416,370	-	1,881,351
Management levy purposes	-	-	-	1,955,794	1,955,794
Student activities	-	-	-	182,110	182,110
School infrastructure	-	-	917,010	-	917,010
Physical plant and equipment	-	-	474,339	-	474,339
Unassigned	3,957,343	-	-	-	3,957,343
Total fund balances	4,039,781	1,464,981	1,807,719	2,137,904	9,450,385
Total liabilities, deferred inflows of resources and fund balances	\$ 11,355,438	3,427,981	2,645,211	2,339,766	19,768,396

See notes to financial statements.

Exhibit D

**Winterset Community School District
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 June 30, 2017**

Total fund balances of governmental funds (Exhibit C) \$ 9,450,385

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 25,997,679

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. (56,181)

Pension 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	\$	4,690,121	
Deferred inflows of resources		(1,856,042)	2,834,079

Long-term liabilities, including bonds payable, early retirement, compensated absences, bond discounts and premiums, net pension liability and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (23,822,265)

Net position of governmental activities (Exhibit A) \$ 14,403,697

See notes to financial statements.

Exhibit E

Winterset Community School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2017

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 5,166,854	1,455,935	761,874	664,229	8,048,892
Tuition	640,506	-	-	-	640,506
Other	253,432	6,198	8,776	256,488	524,894
State sources	11,760,557	20,537	1,660,110	10,055	13,451,259
Federal sources	590,115	-	-	-	590,115
Total revenues	18,411,464	1,482,670	2,430,760	930,772	23,255,666
Expenditures:					
Current:					
Instruction:					
Regular	7,567,561	-	-	179,475	7,747,036
Special	3,520,063	-	-	-	3,520,063
Other	1,151,590	-	-	227,156	1,378,746
	12,239,214	-	-	406,631	12,645,845
Support services:					
Student	593,065	-	-	-	593,065
Instructional staff	1,498,471	-	175,402	-	1,673,873
Administration	1,575,764	-	15,390	24,532	1,615,686
Operation and maintenance of plant	1,615,701	-	95,384	157,105	1,868,190
Transportation	731,272	-	230,965	20,587	982,824
	6,014,273	-	517,141	202,224	6,733,638
Other expenditures:					
Facilities acquisition	-	-	3,003,282	-	3,003,282
Long-term debt:					
Principal	-	825,000	-	-	825,000
Interest	-	581,470	-	-	581,470
Refunding issuance costs	-	72,996	-	-	72,996
Fiscal charges	-	1,000	2,000	-	3,000
AEA flowthrough	706,369	-	-	-	706,369
	706,369	1,480,466	3,005,282	-	5,192,117
Total expenditures	18,959,856	1,480,466	3,522,423	608,855	24,571,600
Excess (deficiency) of revenues over (under) expenditures	(548,392)	2,204	(1,091,663)	321,917	(1,315,934)

Exhibit E

Winterset Community School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended June 30, 2017

	General	Debt Service	Capital Projects	Non-major Governmental	Total
Other financing sources (uses):					
Proceeds from sale of assets	20,422	-	-	-	20,422
Proceeds from refunding bonds	-	4,750,000	-	-	4,750,000
Payment to refunded bond escrow agent	-	(5,572,026)	-	-	(5,572,026)
Operating transfers in	-	1,006,402	-	-	1,006,402
Operating transfers out	-	-	(1,006,402)	-	(1,006,402)
Total other financing sources (uses)	20,422	184,376	(1,006,402)	-	(801,604)
Net change in fund balances	(527,970)	186,580	(2,098,065)	321,917	(2,117,538)
Fund balances beginning of year, as restated	4,567,751	1,278,401	3,905,784	1,815,987	11,567,923
Fund balances end of year	\$ 4,039,781	1,464,981	1,807,719	2,137,904	9,450,385

See notes to financial statements.

**Winterset 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, 2017**

Net change in fund balances - total governmental funds (Exhibit E) \$ (2,117,538)

***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 reported in the Statement of Net Position and are allocated over their estimated useful lives of the capital assets as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 3,329,757	
Gain (Loss) on Disposal of Assets	-	
Depreciation expense	<u>(1,366,136)</u>	1,963,621

Proceeds from issuing long-term liabilities provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. The amounts of long-term liabilities issued and repaid are as follows:

Issued	(4,750,000)	
Paid to bond escrow agent	5,572,026	
Repaid	825,000	
Amortization of premiums and discounts	<u>(8,797)</u>	1,638,229

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. 115,177

The current year District employer share of IPERS contribution are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position 1,054,638

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.

Early retirement	99,725	
Compensated absences	(16,553)	
Pension expense	(1,051,579)	
Other postemployment benefits	<u>(48,270)</u>	(1,016,677)

Change in net position of governmental activities (Exhibit B) \$ 1,637,450

See notes to financial statements.

**Winterset Community School District
Statement of Net Position
Proprietary Funds
June 30, 2017**

	Non-major Enterprise Funds
Assets	
Current assets:	
Cash and investments	\$ 424,927
Receivables:	
Accounts	577
Intergovernmental	4,346
Inventories	14,877
Total current assets	444,727
Noncurrent assets:	
Property and equipment:	
Machinery and equipment	280,610
Accumulated depreciation	(265,933)
Total noncurrent assets	14,677
Total assets	459,404
Liabilities	
Current liabilities:	
Accounts payable	16,368
Advances from prepaid lunches	18,539
Total current liabilities	34,907
Total liabilities	34,907
Net Position	
Net Investment in capital assets	14,677
Unrestricted	409,820
Total net position	424,497
Total liabilities and net position	\$ 459,404

See notes to financial statements.

Exhibit H

Winterset Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2017

	<u>Non-major Enterprise Funds</u>
Operating revenue:	
Local sources:	
Other local sources:	
Food service sales	\$ 387,697
Other operating revenue	120,771
Total operating revenues	<u>508,468</u>
Operating expenses:	
Instructional programs:	
Support services:	
Services	120,111
Supplies	660
	<u>120,771</u>
Non-instructional programs:	
Food services operations:	
Services	341,964
Supplies	402,985
Depreciation	6,325
	<u>751,274</u>
Total operating expenses	<u>872,045</u>
Operating loss	(363,577)
Non-operating revenue:	
Interest on investments	742
State lunch and breakfast program claims	6,423
National School Lunch Program	265,829
School Breakfast Program	45,355
Summer Food Service Program	11,649
Federal food commodities revenue	66,184
Total non-operating revenues	<u>396,182</u>
Change in net position	32,605
Net position beginning of year	<u>391,892</u>
Net position end of year	<u>\$ 424,497</u>

See accompanying independent auditor's report.

Exhibit I

**Winterset Community School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2017**

	Non-major Enterprise Funds
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 388,033
Cash received from miscellaneous operating activities	120,771
Cash payments to suppliers for goods or services	(881,426)
Net cash used by operating activities	(372,622)
Cash flows from non-capital financing activities:	
State grants received	6,423
Federal grants received	322,833
Net cash provided by non-capital financing activities	329,256
Cash flows from investing activities:	
Interest on investments	742
Net increase in cash and cash equivalents	(42,624)
Cash and cash equivalents at beginning of year	467,551
Cash and cash equivalents at end of year	\$ 424,927
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (363,577)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities received	66,184
Depreciation	6,325
Decrease in accounts receivable	880
Decrease in intergovernmental receivable	6
Increase in inventories	(7,386)
(Decrease) in accounts payable	(74,504)
(Decrease) in advances from prepaid lunches	(550)
Net cash used by operating activities	\$ (372,622)
Reconciliation of cash and cash equivalents at year end to specific assets included on Statement of Net Position:	
Current assets:	
Cash and investments	\$ 424,927
Cash and cash equivalents at year end	\$ 424,927

Non-cash investing, capital and financing activities:

During the year ended June 30, 2017, the District received federal commodities valued at \$66,184.

See notes to financial statements.

Exhibit J

**Winterset Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017**

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets		
Current assets:		
Cash, cash equivalents and pooled investments	\$ 283,330	45,583
Accounts receivable	-	-
Total assets	<u>283,330</u>	<u>45,583</u>
Liabilities		
Current liabilities:		
Accounts payable	-	45,583
Total liabilities	<u>-</u>	<u>45,583</u>
Net Position		
 Held in trust for scholarships and special projects	 <u>283,330</u>	 <u>-</u>
Total net position	 <u><u>\$ 283,330</u></u>	 <u><u>-</u></u>

See notes to financial statements.

Exhibit K

Winterset Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2017

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest	\$ 2,588
Total additions	<u>2,588</u>
Deductions:	
Instruction:	
Services	<u>6,247</u>
Change in net position	(3,659)
Net position beginning of year	<u>286,989</u>
Net position end of year	<u><u>\$ 283,330</u></u>

See notes to financial statements.

(1) Summary of Significant Accounting Policies

Winterset 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 City of Winterset, Iowa. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's 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, Winterset 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. Winterset Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization 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 Madison County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary 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 non-fiduciary assets, deferred outflows of resources, 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.

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints 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 nonmajor governmental funds. Combining schedules are also included for the Capital Projects 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 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 Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

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

The other governmental funds of the District are considered non-major and are as follows:

The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

The District reports the following non-major proprietary funds:

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

The Enterprise, Student Construction Fund is used to account for transactions related to the Student Construction program.

The District 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.

The Agency Fund is used to account for assets held by the District as an agency for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of result of operations.

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 revenue 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.

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 is 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 Equity

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.

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.

Winterset Community School District
Notes to Financial Statements
June 30, 2017

Property tax revenue recognized in these funds become 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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2016.

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 expense 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 Government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) and 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 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 are payable in July and August, have been accrued as liabilities.

Advances – Proceeds received by the District for which services will be rendered in a succeeding fiscal year, such as prepaid lunch money.

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 fund financial statements 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, 2017. 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.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and 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 consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement in Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

Nondisposable – Amounts not available for expenditure.

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

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

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, 2017, expenditures did not exceed the amounts budgeted.

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2017, 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.

Winterset Community School District
Notes to Financial Statements
June 30, 2017

At June 30, 2017, the District had investments as follows:

Farmers & Merchants State Bank Certificates of Deposit	\$ 2,150,000
Union State Bank Certificate of Deposit	110,869
Iowa Schools Joint Investment Trust	
Diversified portfolio (amortized cost)	5,543,981
	<u>\$ 7,804,850</u>

At June 30, 2017, the District had investments in the Iowa School Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated Aaa by Standard & Poor's Financial Services.

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	<u>\$ 1,006,402</u>

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

Winterset Community School District
Notes to Financial Statements
June 30, 2017

(4) Capital Assets

Capital assets activity for the year ended June 30, 2017 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 457,901	496,950	-	954,851
Construction in progress	123,453	21,015	123,453	21,015
Total capital assets not being depreciated	581,354	517,965	123,453	975,866
Capital assets being depreciated:				
Buildings	30,704,641	1,948,525	-	32,653,166
Land improvements	2,226,182	274,212	-	2,500,394
Machinery and equipment	3,646,671	712,508	165,012	4,194,167
Total capital assets being depreciated	36,577,494	2,935,245	165,012	39,347,727
Less accumulated depreciation for:				
Buildings	8,967,467	873,318	-	9,840,785
Land improvements	1,272,928	114,179	-	1,387,107
Machinery and equipment	2,884,395	378,639	165,012	3,098,022
Total accumulated depreciation	13,124,790	1,366,136	165,012	14,325,914
Total capital assets being depreciated, net	23,452,704	1,569,109	-	25,021,813
Governmental activities capital assets, net	\$ 24,034,058	2,087,074	123,453	25,997,679
Business type activities:				
Machinery and equipment	\$ 280,610	-	-	280,610
Less accumulated depreciation	259,608	6,325	-	265,933
Business type activities capital assets, net	\$ 21,002	(6,325)	-	14,677

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 957,997
Other	161,260

Support services:

Administration	7,525
Business Administration	5,225
Operation and maintenance of plant	64,545
Transportation	169,584

Total depreciation expense - governmental activities

\$ 1,366,136

Business type activities:

Food services

\$ 6,325

Winterset Community School District
Notes to Financial Statements
June 30, 2017

(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2017 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 8,815,000	-	565,000	8,250,000	585,000
Revenue bonds	5,355,000	4,750,000	5,355,000	4,750,000	350,000
Early retirement	142,181	-	99,725	42,456	34,922
Compensated absences	57,625	74,178	57,625	74,178	74,178
Net pension liability	8,459,099	1,595,776	-	10,054,875	-
Net OPEB liability	611,730	87,000	38,730	660,000	-
	<u>\$ 23,440,635</u>	<u>6,506,954</u>	<u>6,116,080</u>	<u>23,831,509</u>	<u>1,044,100</u>

General Obligation Bonds

Details of the District's June 30, 2017 general obligation bonded indebtedness are as follows:

Bond Issue of July 1, 2008				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2018	5.00%	\$ 445,000	244,368	689,368
2019	3.75%	465,000	222,118	687,118
2020	3.80%	485,000	204,680	689,680
2021	3.85%	505,000	186,250	691,250
2022	3.90%	525,000	166,808	691,808
2023	3.95%	545,000	146,333	691,333
2024	4.00%	565,000	124,805	689,805
2025	4.05%	590,000	102,205	692,205
2026	4.10%	610,000	78,310	688,310
2027	4.10%	635,000	53,300	688,300
2028	4.10%	665,000	27,265	692,265
Total		<u>\$ 6,035,000</u>	<u>1,556,440</u>	<u>7,591,440</u>

Bond Issue of November 1, 2009				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2018	4.00%	\$ 140,000	92,715	232,715
2019	4.00%	150,000	87,115	237,115
2020	4.00%	155,000	81,115	236,115
2021	4.00%	160,000	74,915	234,915
2022	4.05%	170,000	68,515	238,515
2023	4.05%	180,000	61,630	241,630
2024	4.10%	185,000	54,340	239,340
2025	4.10%	195,000	46,755	241,755
2026	4.30%	205,000	38,760	243,760
2027	4.30%	215,000	29,945	244,945
2028	4.50%	225,000	20,700	245,700
2029	4.50%	235,000	10,575	245,575
Total		<u>\$ 2,215,000</u>	<u>667,080</u>	<u>2,882,080</u>

**Winterset Community School District
Notes to Financial Statements
June 30, 2017**

Revenue Bonds

Details of the District's June 30, 2017 local option sales and services tax revenue bonded indebtedness are as follows:

Year ending June 30,	Bond Issue of June 27, 2017			
	Interest Rates	Principal	Interest	Total
2018	2.22%	\$ 350,000	106,622	456,622
2019	2.22%	360,000	97,680	457,680
2020	2.22%	365,000	89,688	454,688
2021	2.22%	375,000	81,585	456,585
2022	2.22%	380,000	73,260	453,260
2023	2.22%	390,000	64,824	454,824
2024	2.22%	400,000	56,166	456,166
2025	2.22%	410,000	47,286	457,286
2026	2.22%	415,000	38,184	453,184
2027	2.22%	425,000	28,971	453,971
2028	2.22%	435,000	19,536	454,536
2029	2.22%	445,000	9,879	454,879
Total		<u>\$ 4,750,000</u>	<u>713,681</u>	<u>5,463,681</u>

Advanced Refunding June 27, 2017

On June 27, 2017, the District issued \$4,750,000 in revenue refunding bonds with an interest rate of 2.22%. The District issued the bonds to advance refund \$5,095,000 of outstanding revenue bonds dated November 1, 2009 with interest rates ranging between 3% and 4.75%. The District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2009 series bonds. As a result, that portion of the 2009 series bonds is considered defeased, and the District has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$5,095,000 and June 30, 2017.

The advance refunding reduced total debt service payments over the next 12 years by \$447,003. This results in an economic gain of \$126,211.

The District has pledged statewide sales, services and use tax revenues to repay the \$4,750,000 bonds issued in June, 2017. The bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. 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. The total principal and interest remaining to be paid on the notes is \$5,463,681. For the current year, \$260,000 of principal and \$217,488 of interest was paid on the prior bonds.

Total statewide sales, services and use tax revenues were \$1,649,363.

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 local option sales and services tax shall be placed in a Revenue Account.
- b) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds 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.

Early Retirement

The District does not offer an early retirement plan each year. The most recent year the District offered a voluntary early retirement plan to its employees was in 2016. Eligible employees were at least 55 years old on June 30 and employees completed 10 years of continuous service to the District. Employees completed an application which was required to be approved by the Board of Education.

The early retirement incentive offered in 2016 for each eligible employee was equal to 10% of the employee's salary calculated by using the salary in effect the last year of the employee's employment with the school district. Early retirement benefits were paid by the Special Revenue, Management Levy Fund.

At June 30, 2017, the District has obligations to 7 participants with a total liability of \$42,456. Actual early retirement expenditures for the year ended June 30, 2017, totaled \$99,725. The government-wide financial statements include twelve months as a current liability for early retirement.

(6) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 217 active and 6 retired members in the plan. Retired participants must be age 55 or older at retirement and must have been employed full time by the District for a minimum of 10 consecutive years prior to the retirement year.

The medical/prescription drug coverage is purchased through an outside provider. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 85,000
Interest on net OPEB obligation	24,000
Adjustment to annual required contribution	<u>(22,000)</u>
Annual OPEB cost	87,000
Contributions made	<u>(38,730)</u>
Increase in net OPEB obligation	48,270
Net OPEB obligation beginning of year	<u>611,730</u>
Net OPEB obligation end of year	<u><u>\$ 660,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

The required contribution is based on projected pay-as-you-go financing. For the year ended June 30, 2017, the District contributed \$38,730. Plan members eligible for benefits contributed 100% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Winterset Community School District
Notes to Financial Statements
June 30, 2017

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 81,321	118.05%	\$ 611,730
June 30, 2017	87,000	44.52%	660,000

Funded Status and Funding Progress - As of July 1, 2016, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$706,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$706,000. The covered payroll (annual payroll of active employees covered by the plan) was \$12,443,027, and the ratio of the UAAL to covered payroll was 5.7%. As of June 30, 2017, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2016 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.0% discount rate based on the District's funding policy. The projected annual medical trend rate is 7.5%. The ultimate medical trend rate is 4.5%. The medical trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate.

Mortality rates are from the MD2015 Health Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2015 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2015.

Projected claim costs of the medical plan are \$830 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(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 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at 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, anytime 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:

Winterset Community School District
Notes to Financial Statements
June 30, 2017

- 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.

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 starting 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 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 the fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll, for a total rate of 14.88%.

The District's contributions to IPERS for the year ended June 30, 2017 were \$1,054,638.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2017, the District reported a liability of \$10,054,875 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the District's proportion was 0.161233%, which was a decrease of 0.008921% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,051,579. At June 30, 2017, 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	\$ 88,865	120,001
Changes of assumptions	153,406	-
Net difference between projected and actual earnings on IPERS investments	2,676,768	1,244,266
Changes in proportion and differences between District contributions and proportionate share of contributions	143,092	491,775
District contributions subsequent to the measurement date	1,054,638	-
Total	\$ 4,116,769	1,856,042

Winterset Community School District
Notes to Financial Statements
June 30, 2017

\$1,054,638 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, 2018. 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	
2017	\$ 101,175
2018	101,175
2019	697,457
2020	343,506
2021	(37,224)
	\$ 1,206,089

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
Total	100%	

**Winterset Community School District
Notes to Financial Statements
June 30, 2017**

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and 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 to 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 7.50%, 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 (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 16,267,427	\$ 10,054,875	\$ 4,811,400

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

Payables to IPERS - At June 30, 2017, the District reported payables to IPERS of \$89,349 for legally required District contributions and \$59,532 for legally required employee contributions withheld from employee wages which had not yet remitted to IPERS.

(8) Risk Management

Winterset 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.

(9) 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 totaled \$706,369 for the year ended June 30, 2017, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Construction Commitment

The District entered into contracts totaling \$104,800 for the Elementary Entry project. As of June 30, 2017, costs of \$21,015 had been incurred against the contract. The balance of \$83,785 remaining at June 30, 2017 will be paid as work on the project progresses.

(11) Restatement

Beginning net position for governmental activities and the General Fund were restated to retroactively report a change due to an adjustment to a prior year receivable.

	<u>Governmental Activities</u>
Net position June 30, 2016, as previously reported	\$ 12,766,347
General Fund restated due to prior year receivable adjustment	(100)
Net position June 30, 2016, as restated:	<u>\$ 12,766,247</u>

(12) 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, 2017 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Winterset	Urban renewal and economic development projects	\$ 107,585
City of Patterson	Urban renewal and economic development projects	

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. For the year ended June 30, 2017, this reimbursement amounted to \$49,153.

(13) New Accounting Pronouncement

The District adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the District.

(14) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

Required Supplementary Information

Winterset Community School District
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year Ended June 30, 2017

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 9,214,292	509,210	9,723,502	8,864,843	8,864,843	858,659
Intermediate sources	-	-	-	-	-	-
State sources	13,451,259	6,423	13,457,682	13,148,602	13,148,602	309,080
Federal sources	590,115	389,017	979,132	450,000	450,000	529,132
Total revenues	23,255,666	904,650	24,160,316	22,463,445	22,463,445	1,696,871
Expenditures/Expenses:						
Instruction	12,645,845	120,771	12,766,616	13,500,000	13,500,000	733,384
Support services	6,733,638	-	6,733,638	7,385,000	7,385,000	651,362
Noninstructional programs	-	751,274	751,274	900,000	900,000	148,726
Other expenditures	5,192,117	-	5,192,117	4,535,890	10,775,000	5,582,883
Total expenditures/expenses	24,571,600	872,045	25,443,645	26,320,890	32,560,000	7,116,355
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,315,934)	32,605	(1,283,329)	(3,857,445)	(10,096,555)	8,813,226
Other financing sources, net	(801,604)	-	(801,604)	-	-	(801,604)
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(2,117,538)	32,605	(2,084,933)	(3,857,445)	(10,096,555)	8,011,622
Balances beginning of year, as restated	11,567,923	391,892	11,959,815	9,590,691	9,590,691	5,917,049
Balances end of year	\$ 9,450,385	424,497	9,874,882	5,733,246	(505,864)	10,380,746

See accompanying independent auditor's report.

Winterset Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year Ended June 30, 2017

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 functions, not by fund. These four functions 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 District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$6,239,110.

During the year ended June 30, 2017, expenditures did not exceed the District's budget.

Winterset Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
For the Last Three Years* (In Thousands)
Required Supplementary Information

	2017	2016	2015
District's proportion of the net pension liability	0.161233%	0.170154%	16.590500%
District's proportion of the net pension liability	\$ 10,055	8,459	6,714
District's covered-employee payroll	\$ 11,464	11,727	11,079
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.71%	72.13%	60.60%
Plan fiduciary net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

Winterset Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years (In Thousands)
Required Supplementary Information

	2017	2016	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contribution	\$ 1,055	\$ 1,024	1,047	989	961	878	739	754	702	622
Contributions in relation to the statutorily required contribution	(1,055)	(1,024)	(1,047)	(989)	(961)	(878)	(739)	(754)	(702)	(622)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 11,810	\$ 11,464	11,727	11,079	11,085	10,878	10,629	11,333	11,055	10,275
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

See accompanying independent auditor's report.

Winterset Community School District
Notes to Required Supplementary Information - Pension Liability
Year Ended June 30, 2017

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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 (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Winterset Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information

Year ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2015	July 1, 2013	-	806,000	806,000	0.0%	10,750,790	7.5%
2016	July 1, 2013	-	806,000	806,000	0.0%	11,231,520	7.2%
2017	July 1, 2016	-	706,000	706,000	0.0%	12,443,027	5.7%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

**Winterset Community School District
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2017**

	Special Revenue Funds		
	Management	Student Activity	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 1,949,662	181,775	2,131,437
Receivables:			
Accounts receivable	-	400	400
Intergovernmental	-	2,477	2,477
Property tax:			
Current year delinquent	6,132	-	6,132
Succeeding year	199,320	-	199,320
Total assets	\$ 2,155,114	184,652	2,339,766
Liabilities, Deferred Inflows of Resources and Fund Equity			
Liabilities:			
Accounts Payable	\$ -	2,542	2,542
Total liabilities	-	2,542	2,542
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	199,320	-	199,320
Total deferred inflows of resources	199,320	-	199,320
Fund balances:			
Restricted for:			
Management levy purposes	1,955,794	-	1,955,794
Student activities	-	182,110	182,110
Total fund balances	1,955,794	182,110	2,137,904
Total liabilities, deferred inflows of resources and fund equity	\$ 2,155,114	184,652	2,339,766

See accompanying independent auditor's report.

Schedule 2

Winterset Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year ended June 30, 2017

	Special Revenue Funds		
	Management	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 664,229	-	664,229
Other	36,692	219,796	256,488
State sources	10,055	-	10,055
Total revenues	<u>710,976</u>	<u>219,796</u>	<u>930,772</u>
Expenditures:			
Current:			
Instruction:			
Regular	179,475	-	179,475
Other	3,020	224,136	227,156
Support Services:			
Administration	24,532	-	24,532
Operation and maintenance of plant	157,105	-	157,105
Student transportation:	20,587	-	20,587
Total expenditures	<u>384,719</u>	<u>224,136</u>	<u>608,855</u>
Excess of revenues over expenditures	326,257	(4,340)	321,917
Fund balances beginning of year	<u>1,629,537</u>	<u>186,450</u>	<u>1,815,987</u>
Fund balances end of year	<u>\$ 1,955,794</u>	<u>182,110</u>	<u>2,137,904</u>

See accompanying independent auditor's report.

Schedule 3

**Winterset Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2017**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 1,228,914	433,647	1,662,561
Receivables:			
Property tax:			
Current year delinquent	-	6,549	6,549
Succeeding year	-	804,817	804,817
Intergovernmental	137,141	34,143	171,284
Total assets	\$ 1,366,055	1,279,156	2,645,211
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 32,675	-	32,675
Total liabilities	32,675	-	32,675
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	804,817	804,817
Total deferred inflows of resources	-	804,817	804,817
Fund balances:			
Restricted for:			
Debt service	416,370	-	416,370
School infrastructure	917,010	-	917,010
Physical plant and equipment	-	474,339	474,339
Total fund balances	1,333,380	474,339	1,807,719
Total liabilities, deferred inflows of resources and fund balances	\$ 1,366,055	1,279,156	2,645,211

See accompanying independent auditor's report.

Schedule 4

Winterset Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2017

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	761,874	761,874
Other	7,726	1,050	8,776
State sources	1,649,363	10,747	1,660,110
Total revenues	<u>1,657,089</u>	<u>773,671</u>	<u>2,430,760</u>
Expenditures:			
Instruction:			
Regular	-	-	-
Support Services:			
Technology	67,991	107,411	175,402
Administration	-	15,390	15,390
Operation and maintenance of plant	-	95,384	95,384
Transportation	198,513	32,452	230,965
Other expenditures:			
Facilities acquisition	1,734,082	1,269,200	3,003,282
Debt service	2,000	-	2,000
Total expenditures	<u>2,002,586</u>	<u>1,519,837</u>	<u>3,522,423</u>
Deficiency of revenues under expenditures	(345,497)	(746,166)	(1,091,663)
Other financing sources (uses):			
Operating transfers out	(1,006,402)	-	(1,006,402)
Total other financing uses	<u>(1,006,402)</u>	<u>-</u>	<u>(1,006,402)</u>
Change in fund balances	(1,351,899)	(746,166)	(2,098,065)
Fund balances beginning of year	<u>2,685,279</u>	<u>1,220,505</u>	<u>3,905,784</u>
Fund balances end of year	<u>\$ 1,333,380</u>	<u>474,339</u>	<u>1,807,719</u>

See accompanying independent auditor's report.

Winterset Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2017

	Enterprise Funds		
	School Nutrition	Student Construction	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 424,927	-	424,927
Accounts receivable	577	-	577
Intergovernmental receivable	4,346	-	4,346
Inventories	14,877	-	14,877
Total current assets	444,727	-	444,727
Non-current assets:			
Machinery and equipment	280,610	-	280,610
Accumulated depreciation	(265,933)	-	(265,933)
Total non-current assets	14,677	-	14,677
Total assets	459,404	-	459,404
Liabilities			
Current liabilities:			
Accounts payable	16,368	-	16,368
Advances from prepaid lunches	18,539	-	18,539
Total current liabilities	34,907	-	34,907
Total liabilities	34,907	-	34,907
Net Position			
Invested in capital assets	14,677	-	14,677
Unrestricted	409,820	-	409,820
Total Net Position	\$ 424,497	-	424,497

See accompanying independent auditor's report.

Winterset Community School District
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2017

	Enterprise Funds		
	School Nutrition	Student Construction	Total
Operating revenue:			
Local sources:			
Other local sources:			
Food service sales	\$ 387,697	-	387,697
Other operating revenue	-	120,771	120,771
Total operating revenues	387,697	120,771	508,468
Operating expenses:			
Instructional programs:			
Instruction			
Services	-	120,111	120,111
Supplies	-	660	660
	-	120,771	120,771
Non-instructional programs:			
Food services operations:			
Services	341,964	-	341,964
Supplies	402,985	-	402,985
Depreciation	6,325	-	6,325
	751,274	-	751,274
Total operating expenses	751,274	120,771	872,045
Operating loss	(363,577)	-	(363,577)
Non-operating revenue:			
Interest on investments	742	-	742
State lunch and breakfast program claims	6,423	-	6,423
National School Lunch Program	265,829	-	265,829
School Breakfast Program	45,355	-	45,355
Summer Food Service Program	11,649	-	11,649
Federal food commodities revenue	66,184	-	66,184
Total non-operating revenues	396,182	-	396,182
Increase in net position	32,605	-	32,605
Net Position beginning of year	391,892	-	391,892
Net Position end of year	\$ 424,497	-	424,497

See accompanying independent auditor's report.

Winterset Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2017

	Enterprise Funds		
	School Nutrition	Student Construction	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 388,033	-	388,033
Cash received from miscellaneous operating activities	-	120,771	120,771
Cash payments to suppliers for goods or services	(760,655)	(120,771)	(881,426)
Net cash used by operating activities	(372,622)	-	(372,622)
Cash flows from non-capital financing activities:			
State grants received	6,423	-	6,423
Federal grants received	322,833	-	322,833
Net cash provided by non-capital financing activities	329,256	-	329,256
Cash Flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Net cash used by capital and related financing activities	-	-	-
Cash flows from investing activities:			
Interest on investments	742	-	742
Net increase in cash and cash equivalents	(42,624)	-	(42,624)
Cash and cash equivalents at beginning of year	467,551	-	467,551
Cash and cash equivalents at end of year	\$ 424,927	-	424,927
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (363,577)	-	(363,577)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Commodities received	66,184	-	66,184
Depreciation	6,325	-	6,325
Decrease in accounts receivable	880	-	880
Decrease in intergovernmental receivable	6	-	6
Increase in inventories	(7,386)	-	(7,386)
(Decrease) in accounts payable	(74,504)	-	(74,504)
(Decrease) in advances from prepaid lunches	(550)	-	(550)
Net cash used by operating activities	\$ (372,622)	-	(372,622)
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:			
Current assets:			
Cash and investments	\$ 424,927	-	424,927
Cash and cash equivalents at year end	\$ 424,927	-	424,927

Non-cash investing, capital and financing activities:

During the year ended June 30, 2017, the District received federal commodities valued at \$66,184.

See accompanying independent auditor's report.

Schedule 8

Winterset Community School District
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Fund
Year ended June 30, 2017

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash, cash equivalents and pooled investments	\$ 27,330	45,583	27,330	45,583
Accounts receivable	3,913	-	3,913	-
Total assets	\$ 31,243	45,583	31,243	45,583
Liabilities				
Liabilities:				
Accounts payable	31,243	45,583	31,243	45,583
Total liabilities	\$ 31,243	45,583	31,243	45,583

See accompanying independent auditor's report.

Schedule 9

Winterset Community School District
Schedule of Changes in Individual Student Activity Accounts
Year ended June 30, 2017

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Elementary School:				
Interest	\$ 9	2	-	11
Champs	51	-	-	51
Memory Book	673	1,524	1,539	658
Cheap and Keep	1,601	515	-	2,116
Middle School:				
Interest	3	13	-	16
Band Resale	481	-	-	481
Cheap and Keep	22	-	-	22
Concessions	6,286	1,859	997	7,148
Activity Fund	6,658	1,670	2,027	6,301
Yearbook	2,335	1,152	1,193	2,294
Junior High School:				
Interest	-	119	119	-
Magazine Fund	9,278	1,242	1,778	8,742
Tech Projects	216	-	216	-
Supply Hut	47	-	-	47
Activity Tickets	1,770	-	1,700	70
Champs	4,500	-	-	4,500
Uniform	106	-	-	106
Cross Country	245	700	270	675
Boys Basketball	-	1,713	1,305	408
Football	-	1,017	1,017	-
Boys Track Club	6,051	510	1,954	4,607
Wrestling Club	2,554	1,527	992	3,089
Girls Basketball	136	712	848	-
Volleyball	1,746	2,195	1,697	2,244
Girls Track Club	1,334	-	463	871
Cheerleaders	-	-	-	-
Yearbook	20	937	894	63
FBLA	42	-	-	42
Student Council	833	63	-	896
TSA	1,543	578	426	1,695
Troop Connection	-	-	-	-
High School:				
Activity Tickets	3,662	11,217	14,879	-
Interest	-	339	339	-
Champs	3,470	268	80	3,658
Concessions	1,095	5,294	5,257	1,132
Pop Machine	588	-	-	588
Play	3,292	7,268	5,922	4,638
Speech	-	1,234	958	276
Debate	149	604	380	373
Vocal	1,873	2,090	3,464	499
Band	2,788	2,564	1,452	3,900
Color Guard	287	742	178	851
Coffee Cart	-	842	842	-
Weightlifting	1,520	-	301	1,219

Schedule 9

Winterset Community School District
Schedule of Changes in Individual Student Activity Accounts
Year ended June 30, 2017

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Coed Track	1,919	1,208	1,597	1,530
Cross Country	-	1,791	1,791	-
Boys Basketball	2,417	8,582	4,687	6,312
Football	10,436	19,639	13,447	16,628
Boys Soccer	6,949	9,938	10,836	6,051
Baseball	-	8,291	8,277	14
Boys Track	3,353	6,231	5,841	3,743
Golf	80	2,076	2,156	-
Wrestling	14,708	8,808	8,805	14,711
Girls Basketball	288	4,164	4,452	-
Volleyball	2,081	8,074	5,980	4,175
Girls Soccer	5,894	4,288	5,523	4,659
Softball	1,390	7,968	8,407	951
Girls Track Club	1,855	4,801	6,656	-
Cheerleaders	3,427	12,645	11,345	4,727
Girls Golf	-	630	630	-
Drill Team	1,950	16,170	16,874	1,246
Class of 2016	2,292	-	2,292	-
Class of 2017	1,233	-	1,233	-
Class of 2018	-	1,886	398	1,488
AFS	2,192	1,377	1,120	2,449
Boomerang	4,540	531	3,824	1,247
FBLA	702	5,902	5,816	788
FCCLA	6,133	1,478	632	6,979
MOC	2,383	520	526	2,377
NHS	234	-	151	83
Pep Club	5,412	400	2,112	3,700
Renaissance	1,252	-	-	1,252
Science Club	2,905	-	373	2,532
Student Council	8,509	5,779	6,200	8,088
TSA	719	759	1,166	312
WHS-TV	6,430	-	-	6,430
Y-Teen	4,430	239	275	4,394
FFA	5,539	22,236	22,203	5,572
Art Club	2,673	2,875	2,078	3,470
Spanish Club	458	-	-	458
WEL Club	1,457	-	-	1,457
Ivy League	2,946	-	2,946	-
Totals	\$ 186,450	219,796	224,136	182,110

See accompanying independent auditor's report.

Winterset Community School District
Schedule of Revenues by Sources and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2017	2016	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Local sources:										
Local tax	\$ 8,048,892	\$ 7,868,658	8,032,006	9,590,177	9,469,586	9,299,035	9,047,231	7,885,789	6,682,479	5,902,891
Tuition	640,506	822,403	845,940	929,521	683,985	719,657	591,391	538,865	556,899	620,456
Other	524,894	502,474	474,537	619,455	594,937	455,559	532,149	752,774	744,545	487,229
Intermediate sources	-	-	-	-	-	-	-	-	868	-
State sources	13,451,259	13,194,941	12,891,211	10,408,387	10,125,246	10,071,017	9,280,912	7,970,449	9,069,606	8,805,764
Federal sources	590,115	515,737	512,005	518,692	445,940	765,387	806,743	1,486,818	534,599	325,030
Total	<u>\$ 23,255,666</u>	<u>\$ 22,904,213</u>	<u>22,755,699</u>	<u>22,066,232</u>	<u>21,319,694</u>	<u>21,310,655</u>	<u>20,258,426</u>	<u>18,634,695</u>	<u>17,588,996</u>	<u>16,141,370</u>
Expenditures:										
Instruction:										
Regular	\$ 7,747,036	\$ 7,552,125	7,952,517	7,252,273	7,653,132	7,087,937	7,146,751	6,463,818	6,538,800	6,343,446
Special	3,520,063	3,328,914	2,939,566	3,231,339	3,046,604	2,975,804	2,789,079	3,365,948	2,798,107	2,505,110
Other	1,378,746	1,249,528	1,194,845	1,311,884	1,324,043	1,234,415	1,146,983	1,134,170	1,767,816	1,497,926
Support services:										
Student	593,065	601,502	584,481	582,513	578,516	585,741	533,947	563,984	351,332	449,044
Instructional staff	1,673,873	1,511,655	1,407,157	677,298	861,598	1,185,848	616,560	753,321	556,792	628,644
Administration	1,615,686	1,602,672	1,557,671	1,462,275	1,378,826	1,404,877	1,445,362	1,556,146	1,854,842	1,282,634
Operation and maintenance of plant	1,868,190	1,720,670	1,638,759	1,772,941	1,603,479	1,556,559	1,468,491	1,522,965	1,501,165	1,470,629
Transportation	982,824	861,732	996,816	879,328	937,461	885,290	719,247	741,508	700,621	710,525
Non-instructional programs	-	-	-	-	-	-	-	13,714	11,793	8,654
Other expenditures:										
Facilities acquisition	3,003,282	607,161	624,257	306,758	1,152,109	2,285,832	5,255,880	9,903,836	3,287,459	665,627
Long-term debt:										
Principal	825,000	790,000	760,000	1,035,000	650,000	580,000	450,000	430,000	620,000	545,000
Interest and other charges	657,466	617,570	643,183	671,959	690,570	712,245	771,818	485,887	445,336	94,390
AEA flowthrough	706,369	699,676	683,839	651,394	627,636	617,057	669,527	663,689	600,552	562,800
Total	<u>\$ 24,571,600</u>	<u>\$ 21,143,205</u>	<u>20,983,091</u>	<u>19,834,962</u>	<u>20,503,974</u>	<u>21,111,605</u>	<u>23,013,645</u>	<u>27,598,986</u>	<u>21,034,615</u>	<u>16,764,429</u>

See accompanying independent auditor's report.

**Winterset Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2017**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 17	\$ 45,355
National School Lunch Program	10.555	FY 17	332,013 *
Summer Food Service Program For Children	10.559	FY 17	11,649
			<u>389,017</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY 17	<u>227,507</u>
Vocational Education - Basic Grants to States	84.048	FY 17	<u>10,495</u>
Title IIA - Federal Teacher Quality Program	84.367	FY 17	<u>46,888</u>
Grants for State Assessments and Related Activities	84.369	FY 17	<u>3,412</u>
Area Education Agency (AEA 11):			
Special Education - Grants to States	84.027	FY 17	<u>77,862</u>
Total			<u>\$ 755,181</u>

* - Includes \$66,184 of non-cash awards

See accompanying independent auditor's report.

Winterset Community School District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Winterset Community School District under programs of the federal government for the year ended June 30, 2017. 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 Winterset Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Winterset Community School District.

Note 2. 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, as applicable, either the cost principles on OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3. Indirect Cost Rate

Winterset Community School District has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$66,184 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.

See accompanying independent auditor's report.



705 Main Street
Pella, IA 50219
Ph.: 641-628-3737
Fax: 641-628-3757

www.vanmaanencpa.com

Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education of Winterset Community School District:

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 information of the Winterset Community School District as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Winterset Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Winterset Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Winterset 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 District'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 over financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winterset 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2017 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.

Winterset Community School District's Response to Findings

Winterset Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Winterset Community School District's responses were not subject 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 Winterset 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.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 4, 2017



705 Main Street
Pella, IA 50219
Ph.: 641-628-3737
Fax: 641-628-3757

www.vanmaanencpa.com

Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

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 Winterset Community School District:

Report on Compliance for Each Major Federal Program

We have audited Winterset 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, 2017. Winterset 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 the 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 Winterset 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 Winterset Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Winterset 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, 2017.

Report on Internal Control Over Compliance

The management of Winterset 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 Winterset 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 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 Winterset 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

December 4, 2017

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) No material weaknesses in internal control over financial reporting were 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) No material weaknesses in internal control over major programs were 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 did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 - School Breakfast Program
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.559 – Summer Food Program For Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Winterset Community School District did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

**Winterset Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2017**

Part IV: Other Findings Related to Required Statutory Reporting

- IV-A-17 Certified Budget - Expenditures for the year ended June 30, 2017, did not exceed the certified budget amounts.
- IV-B-17 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-17 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-17 Business Transactions – There were no business transactions between the District and District officials or employees for the year ended June 30, 2017.
- IV-E-17 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 ensure that coverage is adequate for current operations.
- IV-F-17 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-17 Certified Enrollment – No variance in the basic enrollment data certified to the Department of Education were noted.
- IV-H-17 Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.
- IV-I-17 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely.
- IV-J-17 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-K-17 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

**Winterset Community School District
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2017**

IV-L-17 Statewide Sales, Services and Use 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.5 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, 2017, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	2,685,279
Revenues/transfers in:			
Sales tax revenues	\$	1,649,363	
Other local revenues		7,726	1,657,089
			<u>4,342,368</u>
Expenditures/transfers out:			
School infrastructure construction		67,991	
Equipment		1,932,595	
Other		2,000	
Transfers to other funds:			
Debt service funds		1,006,402	3,008,988
			<u>3,008,988</u>
Ending balance		\$	<u>1,333,380</u>

For the year ended June 30, 2017, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

APPENDIX E – FORM OF ISSUE PRICE CERTIFICATES

EXHIBIT A WINTERSET COMMUNITY SCHOOL DISTRICT, IOWA \$9,955,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] ("Purchaser") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. Initial Offering Price of the Hold-the-Offering-Price Maturities.
 - a. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
 - b. As set forth in the Terms of Offering, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.
3. Defined Terms.
 - a. General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."
 - b. Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."
 - c. Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (November 14, 2018), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
 - d. Issuer means Winterset Community School District.
 - e. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
 - f. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - g. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 14, 2018.
 - h. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain

of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: January 3, 2019

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

EXHIBIT A
WINTERSET COMMUNITY SCHOOL DISTRICT, IOWA
\$9,955,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] ("Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. Reasonably Expected Initial Offering Price.
 - a. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.
 - b. Purchaser was not given the opportunity to review other bids prior to submitting its bid.
 - c. The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.
2. Defined Terms.
 - a. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
 - b. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - c. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 14, 2018.

Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Exemption Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ahlers & Cooney, P.C., Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____
Name: _____

Dated: January 3, 2019

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)