



\$9,500,000*
Council Bluffs Community School District, Iowa
General Obligation School Bonds
Series 2020

(FAST Closing)
(Not Bank-Qualified)
(Book Entry Only)
(PARITY© Bidding Available)

DATE: Tuesday, March 24, 2020
TIME: 12:00 noon
PLACE: Office of the Superintendent
300 W. Broadway
Council Bluffs, IA
Telephone: (712)328-6446

Moody's Rating: "Aa3"

* Preliminary, subject to change

PIPER | SANDLER

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

OFFICIAL BID FORM

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

Re: \$9,500,000* General Obligation School Bonds, Series 2020, 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, 2022	_____	_____	May 1, 2025
_____	_____	May 1, 2023	_____	_____	May 1, 2026
_____	_____	May 1, 2024	_____	_____	May 1, 2027

_____ 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 _____	_____

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

_____ We will elect to utilize bond insurance from company _____ at a premium of \$ _____

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).

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 Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (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, 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, 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.

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 Council Bluffs Community School District, in the County of Pottawattamie, State of Iowa, this 24th day of March, 2020.

ATTEST: _____
 District Secretary

 Board President

* Preliminary, subject to change

NOTICE OF BOND SALE

Time and Place of Sale: Sealed bids or electronic bids for the sale of General Obligation School Bonds, Series 2020, of the Council Bluffs Community School District, in the County of Pottawattamie, State of Iowa (the "Issuer"), will be received at the District Office, Council Bluffs Community School District, Council Bluffs, Iowa until 12:00 Noon on March 24, 2020. 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 6:30 P.M. on the same date.

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

GENERAL OBLIGATION SCHOOL BONDS, SERIES 2020, in the principal amount of not to exceed \$9,500,000 to be dated May 1, 2020 (the "Bonds").

*The Issuer may increase or decrease each maturity, but the total amount to be issued will not exceed \$9,500,000.

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 at the District Office, Council Bluffs Community School District, Council Bluffs, Iowa.
- Electronic Bidding: Electronic bids via PARITY® will be received at the District Office, Council Bluffs Community School District, Council Bluffs, Iowa. The bids must be submitted through PARITY®.
- Electronic Facsimile Bidding: Electronic facsimile bids will be received at the District Office, Council Bluffs Community School District, Council Bluffs, Iowa, (712) 328-6448. 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, Council Bluffs Community School District, 300 West Broadway, Suite 1600, Council Bluffs, Iowa 51503, (712) 328-6446; or Timothy Oswald, Piper Sandler & Co., 3900 Ingersoll, Suite 110, Des Moines, Iowa 50312, (515) 247-2358.

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 Council Bluffs Community School District in the County of Pottawattamie, State of Iowa.

Secretary of the Board of Directors of the Council Bluffs
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 2020, in the principal amount of \$9,500,000* 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 will not be subject to optional redemption prior to maturity.

Interest: Interest on said Bonds will be payable on November 1, 2020 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 \$95,000* 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.

Form of Bids: All bids shall be unconditional for the entire issue of Bonds for a price of not less than 100% 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

* Preliminary, subject to change

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.

Confidential information sent via secured portal: All confidential information exchanged between the Issuer and the Purchaser (including but not limited to closing details and good faith wire details) must be sent via a secure portal. As a condition to closing, the winning bidder will cooperate with the Issuer, its legal counsel and its financial advisor to ensure that all confidential information is sent via a secure portal.

Sealed Bidding: Sealed bids may be submitted and will be received at the office of the Superintendent, Council Bluffs Community School District 300 W Broadway, Council Bluffs, IA 51503.

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: Electronic Facsimile Bids will not be accepted

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%.

Rates must be in level or ascending order.

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:

(a) 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 Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel. All communications required of the Issuer under this Official Terms of Offering to establish the issue price of the Bonds may be communicated 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.

(b) 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 Term 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 Official Terms of Offering.

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

(c) 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.

(d) 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 will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has 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.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Issuer the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Issuer or bond counsel.

(f) The Issuer acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, 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 requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party 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 requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party 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 requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, 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 third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party 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 third-party distribution agreement, as applicable:

(i)(A) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement 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 or dealer that is a party to a third-party 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 third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) 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 third-party 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 (A) more than 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), (B) 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 (C) 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 MARCH 11, 2020

NEW ISSUE - DTC BOOK ENTRY ONLY

Rating: "Aa3"

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 NOT be designated as "qualified tax-exempt obligations". See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein for a more detailed discussion.



Council Bluffs Community School District, Iowa
General Obligation School Bonds
Series 2020

Dated: Date of Delivery

The General Obligation School Bonds, Series 2020 described above (the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by UMB Bank, n.a., as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither the Issuer nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on May 1, and November 1 in each year, beginning November 1, 2020 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 will not be subject to optional redemption prior to maturity.

MATURITY SCHEDULE

Table with columns: Bonds Due, Amount*, Rate *, Yield *, Cusip #'s **, Bonds Due, Amount*, Rate *, Yield *, Cusip #'s **. Rows include dates from May 1, 2022 to May 1, 2027 with corresponding amounts and CUSIP numbers.

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 May 1, 2020. 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 _____, 2020

* 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.

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. The Issuer considers the Official Statement to be "near final" within the meaning of Rule 15c2-12 of the Securities 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
COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT, IOWA
\$9,500,000* GENERAL OBLIGATION SCHOOL BONDS, SERIES 2020

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the Council Bluffs Community School District, Iowa (the “Issuer”), in connection with the sale of the Issuer’s General Obligation School Bonds, Series 2020 (the “Bonds”). The Bonds are being issued to provide funds for i) to renovate, remodel, improve, furnish and equip the existing Middle School building; site improvements and to acquire, renovate, remodel, improve furnish and equip a new relocation facility, 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 December 1 in each year, beginning on December 1, 2020, 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, 2019, as amended, Chapter 296 and authorized by the voters at an election held on September 11, 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.

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.

* Preliminary, subject to change

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 take 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 be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct 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 are not subject to optional redemption prior to maturity.

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:

_____ Term Bond
<u>Mandatory Sinking Fund Date</u> <u>Principal Amount</u>
\$

(maturity)

Source of Security for the Bonds

These Bonds are general obligations of the Issuer. The Bonds are payable from general ad valorem property taxes, without limitation of amount, levied against all taxable, real property within the boundaries of the District.

Iowa Code section 76.2 provides that when an Iowa political subdivision issues bonds, "[t]he governing authority of these political subdivisions before issuing bonds shall, by resolution, provide for the assessment of an annual levy upon all the taxable property in the political subdivision sufficient to pay the interest and principal of the bonds within a period named not exceeding

twenty years. A certified copy of this resolution shall be filed with the county auditor or the auditors of the counties in which the political subdivision is located; and the filing shall make it a duty of the auditors to enter annually this levy for collection from the taxable property within the boundaries of the political subdivision until funds are realized to pay the bonds in full."

BONDHOLDERS' RISKS

Tax Levy Procedures

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

2013 Property Tax Legislation

During its 2013 session the Iowa Legislature enacted, and the Governor signed, Senate File 295 ("SF295"). Among other things, SF295 reduces the limit on the annual assessed value growth with respect to residential and agricultural property from 4% to 3%, reduces as a rollback the taxable value applicable to commercial, industrial and railroad property to 95% for the 2013 assessment year and 90% for the 2014 assessment year and all years thereafter, and provides a partial exemption on telecommunications property. SF295 also creates a new separate classification for multiresidential properties which were previously taxed as commercial properties, and assigns an incremental rollback percentage over several years for multiresidential properties such that the multiresidential rollback determination will match that for residential properties in the 2022 assessment year. As a result of SF295, local governments expect to experience reductions in property tax revenues over the next several fiscal years. SF295 includes state-funded replacement moneys for a portion of the expected reduction in property tax revenues to the local governments, but such replacement funding is limited in both amount and duration of availability. There can be no assurance the state-funded replacement moneys will be provided by the state, if at all, during the term the Bonds remain outstanding. The Issuer does not expect the state replacement funding to fully address the property tax reductions resulting from SF295 during the term the Bonds remain outstanding. While SF295 does not limit the legal obligation or the amount the Issuer may be required to levy for payments of debt service on the Bonds there can be no assurances that SF295 will not have a material adverse impact with respect to the Issuer's financial position.

Changes in Property Taxation

From time to time the Iowa General Assembly has altered the method of property taxation and could do so again. Any alteration in property taxation structure could affect property tax revenues available to pay the Bonds. Historically, the Iowa General Assembly has applied changes in property taxation structure on a prospective basis; however, there is no assurance that future changes in property taxation structure by the Iowa General Assembly will not be retroactive. It is impossible to predict the outcome of future property tax changes by the Iowa General Assembly or their potential impact on the Bonds and the security for the Bonds.

Matters Relating to Enforceability of Agreements

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

There is no Bond trustee or similar person to monitor or enforce the provisions of the resolution for the Bonds. The owners of the Bonds should, therefore, be prepared to enforce such provisions themselves if the need to do so arises. In the event of a default in the payment of principal of or interest on the Bond, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the District and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year. Holders of the Bonds shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Iowa and of the United States of America for the enforcement of payment of the Bond, including, but not limited to, the right to a proceeding in law or in equity by suit, action or mandamus to enforce and compel performance of the duties required by Iowa law and the Bond Resolution.

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 \$58,552,550 as of June 30, 2019 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, 2018, 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, 2018, the School’s collective proportion was .925548%, which was an increase of .017053% from its proportion measured June 30, 2017. See School’s Audited Financial Statements, Appendix D, for additional information.

Rating

Moody’s Investor Service (the “Rating Agency”) has assigned a rating of “Aa3” 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.**”

Risks as Employer

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

Cybersecurity

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

In December, 2019 the Issuer was the subject of a cyber-attack, known as “spear phishing”, in which the Issuer sent payment to a fraudulent bank account. The Issuer filed a complaint with the Federal Bureau of Investigation’s Internet Crime Complaint Center and the Issuer recovered all but \$1,100 of the funds erroneously sent to the fraudulent bank account. As a result of the incident, the Issuer implemented policies and procedures intended to minimize the occurrence of such incidents.

Limitation or Delay of Remedies

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

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

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.

Clean up Costs and Liens under Environmental Statutes

The Issuer is not aware of any enforcement actions currently in process with respect to any releases of pollutants or contaminants at the Project sites. However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at future date. In the event such enforcement actions were initiated, the Issuer could be liable for the costs of removing

or otherwise treating pollutants or contaminants located at the Project sites. In addition, under applicable environmental statutes, in the event an enforcement action is initiated, a lien superior to any Bondholders' lien, if any, could attach to the Project, which may adversely affect the Bondholders' rights.

General Liability Claims

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

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 plus the proceeds of the General Obligation School Bonds, Series 2019, will be sufficient to complete the Project; however, the cost of construction of the Project may be affected by factors beyond the control of the Issuer, including strikes, material shortages, adverse weather conditions, trade tariffs, subcontractor defaults, delays, and unknown conditions.

Damage or Destruction to District's Facilities

Although the District maintains certain kinds of insurance, 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

Financial Condition of the Issuer from time to time

No representation is made as to the future financial condition of the Issuer. Certain risks discussed herein could adversely affect the financial condition and/or operations of the Issuer in the future. However, the Bonds are secured by an unlimited ad valorem property tax as described more fully in the "THE BONDS – Source of Security for the Bonds" herein.

Continuing Disclosure

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

Suitability of Investment

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

Factors Beyond Issuer's Control

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

Other Factors

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

Summary

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

LITIGATION

The 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 Seim Johnson 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 for i) to renovate, remodel, improve, furnish and equip the existing Middle School building and site improvements; and to acquire, renovate, remodel, improve, furnish, and equip a new relocation facility, and ii) to pay costs of issuance for the Bonds.

SOURCES AND USES OF FUNDS *

Sources of Funds		
	Bond Proceeds	\$
	Reoffering Premium	
Total Sources of Funds		\$
Uses of Funds		
	Deposit to Project fund	\$
	Costs of Issuance	
	Underwriter's Discount	
Total Uses of Funds		\$

* 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.

NOT Qualified Tax Exemption Obligations

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

CONTINUING DISCLOSURE

For the purpose of complying with Rule 15c2-12 of the Securities Exchange Commission, as amended and interpreted from time

to time (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 to provide 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 an annual basis, and the events as to which notice is to be given, if material, is summarized below under the caption “APPENDIX C - Form of Continuing Disclosure Certificate” herein for more information. This covenant is being made by the Issuer to assist the Underwriter(s) in complying with the Rule.

Breach of the Disclosure Covenants will not constitute a default or an “Event of Default” under the Bonds or Resolution, respectively. 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.

In the previous five (5) years, for bond issues requiring the Issuer make annual information filings pursuant to its prior Undertakings:

School Infrastructure Sales, Services, and Use Tax Revenue Bonds, Series 2011 dated April 1, 2011

The Issuer did not properly link the Annual Financial Information for fiscal year ending June 30, 2015 to one nine-digit CUSIP number. The Issuer has subsequently linked the Annual Financial Information for fiscal year ending June 30, 2015 to said 9-digit CUSIP. The Issuer did not file a Failure to File Notice because the Series 2011 Bonds are no longer outstanding.

School Infrastructure Sales, Services, and Use Tax Revenue Bonds, Series 2012, dated March 1, 2012

For fiscal year ending June 30, 2015, the Issuer did not link its Audited Financial Statement to two nine-digit CUSIP numbers in each of those fiscal years. The Issuer has subsequently linked the Audited Financial Statements to said 9-digit CUSIPs. The Issuer did not file a Failure to File Notice because the Series 2012 Bonds are no longer outstanding.

For the Issuer’s School Infrastructure Sales, Services, and Use Tax Revenue Bonds, Series 2011 dated April 1, 2011 and the School Infrastructure, Sales, Services, and Use Tax Revenue Bonds, Series 2010B, dated April 1, 2010,

The Issuer advance refunded those bonds in 2016 and filed the Advance Refunding Trust Agreement but failed to file a Material Event Notice of Defeasance for each of the series of bonds. The Issuer did not file the Material Event Notices nor did it file Failure to File Notices since the Series 2011 Bonds and the Series 2010B Bonds are no longer outstanding.

I have reviewed the information contained within the Official Statement of the Council Bluffs 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 \$9,500,000* General Obligation School Bonds, Series 2020.

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Dean Wilson
Board Secretary

* Preliminary, subject to change

APPENDIX A - INFORMATION ABOUT THE ISSUER

**COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT, IOWA
DISTRICT OFFICIALS**

PRESIDENT David Coziahr

BOARD MEMBERS Chris LaFerla
Troy Arthur
Bill Grove
Kyle McGlade
John Marshall
Dr. Jill Ogg-Gress

SUPERINTENDENT Vickie Murillo

DISTRICT SECRETARY Dean Wilson

DISTRICT TREASURER Dean Wilson

DISTRICT ATTORNEY Ahlers & Cooney, P.C.
Des Moines, Iowa

CONSULTANTS

BOND COUNSEL Ahlers & Cooney, P.C.
Des Moines, Iowa

FINANCIAL ADVISOR Piper Sandler
Des Moines, Iowa

PAYING AGENT UMB Bank, n.a.
West Des Moines, Iowa

General Information

The Council Bluffs Community School District is located in western Iowa in Pottawattamie County. Council Bluffs (population 62,230) is part of the great metropolitan Omaha, NE. Transportation facilities are provided to the District by Interstate 80 and 29, U.S. Highway 6, State Highway 92, 183 and 191 and an excellent network of paved county roads. Continuing education opportunities within easy community distance are Iowa Western Community College, Buena Vista University, Southwest Iowa Regents Resource Center (link to the State's 3 universities), Metropolitan Community College, Bellevue University, University of Nebraska at Omaha, University of Nebraska Medical Center, Creighton University, College of St. Mary, Clarkson College, Grace University, Nebraska Methodist School, Omaha ITT Technical Institute, Nebraska College of Business, Omaha Opportunities Industrialization Center and Vatterott College.

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>
Abraham Lincoln High School	1960	9-12
Bloomer Elementary	1926	PK-5
Carter Lake Elementary	2011	PK-5
College View Elementary	2011	PK-5
Crescent Elementary	2008	PK-5
Edison Elementary	1951	PK-5
Franklin Elementary	1975	PK-5
Hoover Elementary	1950	PK-5
Kanesville Alternative Learning Center	1959	6-12
Kim Middle School	1979	6-8
Lewis and Clark Elementary	1957	PK-5
Longfellow Elementary	1939	PK-5
Roosevelt Elementary	1952	PK-5
Rue Elementary	1924	PK-5
Thomas Jefferson Elementary	1921	PK-5
Tucker Career & College	1972	9-12
Wilson Middle School	1961	6-8

Source: Council Bluffs 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-19	9,122.1	279	690.4	8,710.7
October-18	9,053.9	265.0	710.3	8,608.6
October-17	9,124.8	239.0	725.1	8,638.7
October-16	9,256.9	210.0	752.1	8,714.8
October-15	9126.0	227.1	739.1	8,614.0

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 1,284 employees.

Administrators:	44	Media Specialists:	0
Teachers:	659	Nurses:	4
Teacher Aids:	248	Guidance:	24
Custodians:	72	Secretaries:	37
Food Service:	97	Transportation:	0
Other:	86	Maintenance:	13

Source: Council Bluffs CSD

Other Postemployment Benefits (OPEB)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or retirees currently participating in the OPEB plan	40
Active employees	1,086
Total	<u>1,126</u>

Total OPEB Liability – The District’s total OPEB liability of \$6,474,681 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal level percent of pay cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2017)	2.75 percent per annum
Salary increases (effective June 30, 2017)	3.25 percent, average, including inflation. Rates vary by membership group
Discount rate (effective June 30, 2017)	3.62 percent per annum
Healthcare cost trend rate (effective June 30, 2017)	6.90 percent for the year ending June 30, 2019, gradually decreasing to an ultimate rate of 4.40 percent for years ending June 30, 2075 and beyond.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.62% which reflects the Fidelity 20-year Municipal GO AA Index as of the measurement date.

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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

Total OPEB liability, beginning of year, as restated	<u>\$ 5,991,412</u>
Changes during the year:	
Service cost	544,271
Interest	228,103
Changes in assumptions	(32,531)
Benefit payments	<u>(256,574)</u>
Net changes	<u>483,269</u>
Total OPEB liability, end of year	<u><u>\$ 6,474,681</u></u>

Changes in assumptions reflect the following changes:

- Discount rate was changed from 3.56% to 3.62% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including adjustment to reflect the impact of the Affordable Care Act’s excise tax on high-cost health insurance plans.

Sensitivity of the District’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.9%) or 1% higher (7.9%) than the current healthcare cost trend rates.

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Total OPEB liability	\$5,633,852	6,474,681	7,488,792

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the District recognized OPEB expense of \$737,143. At June 30, 2019, the District reported deferred inflows of resources related to OPEB of \$293,732 from changes in assumptions used in the actuarial valuation.

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

Year ended June 30,	
2020	(35,231)
2021	(35,231)
2022	(35,231)
2023	(35,231)
2024	(35,231)
Thereafter	(117,577)
	<u>\$ (293,732)</u>

Additionally, the District offered an incentive to certain employees to elect to take early retirement from the District during the 2019, 2017 and 2016 fiscal years. If the employees elected to take early retirement, funds were set aside for the benefit of the employee to pay health insurance premiums. The funds are available to the employees for the next seven years, or until the amount of the funds set aside for each employee have been spent. As of June 30, 2019, the District was liable for future payments to plan participants of \$576,168.

Source: Council Bluffs CSD’s 2019 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. Effective July 1, 2012, as a result of a 2010 law change, IPERS contribution rates for the Issuer and its employees are established by IPERS following the annual actuarial valuation (which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization method.) State statute, however, limits the amount rates can increase or decrease each year to one (1) percentage point. Therefore, any difference between the actuarial contribution rates and the contributions paid is due entirely to statutorily set contributions that may differ from the actual contribution rates. As a result, while the contribution rate in the fiscal year ended June 30, 2017 equaled the actuarially required rate, there is no guarantee, due to this statutory limitation on rate increases, that the contribution rate will meet or exceed the actuarially required rate in the future.

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

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

Table 1 – Issuer and Employees Contribution to IPERS.

Fiscal Year	Issuer Contribution		Issuer Employees' Contribution		
	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll	
2015	5,527,394	8.93	3,311,780	5.95	
2016	5,912,865	8.93	3,640,531	5.95	
2017	6,156,076	8.93	3,830,805	5.95	
2018	6,642,347	8.93	4,144,740	5.95	
2019	6,210,074	9.44	4,485,650	6.29	

SOURCE: Council Bluffs 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 accrued actuarial liabilities of IPERS (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, adjustments, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the Issuer which could affect other budgetary matters.

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, 2019 through, and including, 2015 (collectively, the “IPERS CAFRs (2015-2019)”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the “IPERS Actuarial Reports (2015-2019)”). 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 Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Accrued 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]]
				[c]-[a]	[a]/[c]	[c]-[b]	[b]/[c]		
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	6,968,134,950	81.39	6,661,265,703	82.21	7,863,160,443	88.62
2018	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36	6,328,245,058	83.62	7,983,219,527	85.37
2019	33,324,327,606	34,010,680,731	39,801,338,797	6,477,011,191	83.73	5,790,658,066	85.45	8,151,043,468	71.04

Source: IPERS Actuarial Reports)

For a description of the assumptions used when calculating the funding status of IPERS for the fiscal year above, see IPERS CAFRs .

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 %
2014	15.88
2015	3.96
2016	2.15
2017	11.70
2018	7.97
2019	8.35

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, 2019, the Issuer reported a liability of \$58,552,550 for its proportional share of the IPERS net pension liability. The net pension

liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The Issuer's proportion of the net pension liability was based on the Issuer's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See "APPENDIX D-AUDITED FINANCIAL STATEMENTS OF THE ISSUER-NOTES TO THE FINANCIAL STATEMENTS" for additional information related to the Issuer's deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

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 January 31, 2020.

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	\$19,602,834.31
Local Bank Deposit Accounts	7,665,835.85
Local Bank Time CD's	17,689,794.56
ISJIT Money Market	0
ISJIT Time CD's	0

Source: Council Bluffs CSD

Population

Presented below are population figures for the periods indicated for the cities of Carter Lake, Council Bluffs and Crescent:

<u>Year</u>	<u>Carter Lake</u>	<u>Council Bluffs</u>	<u>Crescent</u>
2010	3,785	62,230	617
2000	3,248	58,268	537
1990	3,200	54,315	469
1980	3,438	56,449	547
1970	3,268	60,348	284

Source: U.S. Census Bureau

Major Employers

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

<u>Name</u>	<u>Business</u>	<u>Number of Employees</u>
Alegent Health/Mercy Hospital	Health Care	500-999
American Games	Manufacturing	250-499
Ameristar Casino	Gaming/resort	1000-1500
Bass Pro Shops	Retail	100-249
Bethany Lutheran Home	Nursing Home	100-249
ConAgra Frozen Foods	Food processor	500-999
Council Bluffs CSD	Education	1000-1500
Dillards	Department Store	100-249
Griffin Pipe Products Co	Cast Iron Pipe	250-499
Harrah's Casino Hotel	Gaming/hotel	1000-1500
Horseshoe Casino	Gaming	1000-1500
Hy-Vee Stores	Grocery store	250-499
Iowa Western Community College	Education	250-499
Jennie Edmundson	Health care	500-999
Kohl's	Department Store	100-249
Menards	Retail store	100-249
Mid America Center	Convention center	100-249
Mid-American Energy Co.	Electric and natural gas utility	250-499
No Frills Supermarket	Grocery store	100-249
Omaha Standard	Truck bodies	250-499
Park Place	Health services	250-499
Peerless Wiping Cloth	Wholesale	100-249
Physicians Clinic	Medical Clinic	100-249
Pinnacle Customer Solutions	Telemarketing	100-249
Plumrose USA	Manufacturing	250-499
Risen Son Christian Village	Nursing Home	100-249
Sam's Club	Wholesale	100-249
Sapp Brothers	Truckstop	100-249
Super Saver Stores	Grocery Store	250-499
Target	Retail store	100-249
Tyson-Cooked meats	Food processing	100-249
Union Pacific Railroad	Transportation	500-999
Wal-Mart	Retail/grocery store	500-999
Warren Distribution	Manufacturing	250-499

Source: Locationone.com

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>
2020-21	55.0743	81.4832	90.0000	71.2500
2019-20	56.9180	56.1324	90.0000	75.0000
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

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, 2018 are used to calculate tax liability for the tax year starting July 1, 2019 through June 30, 2020. Presented below are the historic property valuations of the Issuer by class of property.

Source: Iowa Department of Revenue

Property Valuations

Actual Valuation

Valuation as of January	2019	2018	2017	2016	2015	2014
Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Residential:	2,345,858,359	2,220,503,511	2,160,458,394	2,133,573,747	2,117,234,114	2,100,869,793
Agricultural Land:	24,263,200	38,316,700	38,297,200	40,512,296	40,525,032	40,754,295
Ag Buildings:	1,297,700	1,965,500	1,870,800	2,392,660	2,329,074	3,046,834
Commercial:	776,308,749	714,985,032	697,690,002	620,302,038	656,967,794	762,619,182
Industrial:	107,798,242	98,265,631	94,796,152	87,098,318	83,887,048	75,696,764
Multiresidential:	185,184,758	176,036,773	165,614,588	152,143,814	151,478,296	
Personal RE:	0	0				0
Railroads:	28,044,621	28,724,055	27,066,308	27,388,986	24,401,323	22,064,832
Utilities:	9,445,643	11,202,255	10,980,003	10,759,154	11,640,369	12,451,777
Other:	0	0	0	1,183,120	1,183,120	1,183,120
Total Valuation:	3,478,201,272	3,289,999,457	3,196,773,447	3,075,354,133	3,089,646,170	3,018,686,597
Less Military:	4,478,136	4,648,520	4,772,604	4,978,176	5,181,896	5,533,776
Net Valuation:	3,473,723,136	3,285,350,937	3,192,000,843	3,070,375,957	3,084,464,274	3,013,152,821
TIF Valuation:	67,829,081	125,745,671	131,237,424	116,809,356	86,344,815	105,989,651
Utility Replacement:	139,830,837	128,987,342	120,658,280	117,203,098	113,590,117	99,257,974

Taxable Valuation

Valuation as of January	2019	2018	2017	2016	2015	2014
Fiscal Year	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Residential:	1,291,623,663	1,262,573,759	1,200,401,521	1,213,128,471	1,175,282,497	1,170,893,059
Agricultural Land:	19,770,427	21,508,100	20,852,044	19,243,180	18,684,799	18,218,033
Ag Buildings:	1,057,396	1,103,280	1,018,609	1,136,462	1,073,869	1,361,995
Commercial:	693,893,710	632,975,229	617,498,550	549,062,533	585,034,106	686,357,763
Industrial:	97,011,662	87,485,231	84,315,512	77,772,991	75,161,945	68,127,088
Multiresidential:	126,435,419	130,004,185	127,414,088	122,965,612	128,574,896	
Personal RE:	0					0
Railroads:	25,240,160	25,851,649	24,359,678	24,650,088	21,961,190	19,858,350
Utilities:	9,445,643	11,202,255	10,980,003	10,759,154	11,640,369	12,451,777
Other:	0	0	0	1,064,808	1,064,808	1,064,808
Total Valuation:	2,264,478,080	2,172,703,688	2,086,840,005	2,019,783,299	2,018,478,479	1,978,332,873
Less Military:	4,478,136	4,648,520	4,772,604	4,978,176	5,181,896	5,533,776
Net Valuation:	2,259,999,944	2,168,055,168	2,082,067,401	2,014,805,123	2,013,296,583	1,972,799,097
TIF Valuation:	67,829,081	125,745,671	131,237,424	116,809,356	86,344,815	92,304,624
Utility Replacement:	65,541,748	66,225,283	61,825,662	61,056,224	64,507,940	61,567,048

Valuation	Actual	% Change in	Taxable	% Change in
Year	Valuation	Actual	Valuation	Taxable
	w/ Utilities	Valuation	w/ Utilities	Valuation
2019	3,681,383,054	3.99%	2,393,370,773	1.41%
2018	3,540,083,950	2.79%	2,360,026,122	3.73%
2017	3,443,896,547	4.22%	2,275,130,487	3.76%
2016	3,304,388,411	0.61%	2,192,670,703	1.32%
2015	3,284,399,206	2.05%	2,164,149,338	1.76%

Source: Iowa Department of Management

Largest Taxpayers

Set forth in the following table are the persons or entities which represent the 2019 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>2019 Taxable Valuation</u>	<u>Percent of Total</u>
HORSESHOE COUNCIL BLUFFS LLC	\$69,270,390	2.89%
PINNACLE ENTERTAINMENT INC	51,803,190	2.16%
HARRAHS COUNCIL BLUFFS LLC	46,514,520	1.94%
MID AMERICAN ELECTRIC (1)	38,865,424	1.62%
BLACK HILLS ENERGY CORP (1)	19,902,775	0.83%
BLUE STAR FOODS INC	15,369,120	0.64%
I B P INC	15,128,460	0.63%
COUNCIL BLUFFS, CITY OF	14,594,822	0.61%
OWEN INDUSTRIES INC	14,444,730	0.60%
UNION PACIFIC RAILROAD	14,400,190	0.60%
	Total	12.55%

Source: Pottawattamie County Auditor's 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 Issuer's authority to levy taxes to pay principal and interest on the Bonds could be adjudicated to be proportionately reduced in future years if the utility replacement tax were to be other than "taxable property" for purposes of computing the Issuer's levy limit under Iowa Code Section 298.18, as amended from time to time. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds.

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</u>	<u>Management</u>	<u>Board PPEL</u>	<u>V PPEL</u>	<u>Playground</u>	<u>Debt</u>	<u>Schoolhouse</u>	<u>Total Levy</u>
2020	14.22644	0.67136	0.33000	1.34000	0.00000	0.49021	0.00000	17.05801
2019	14.97730	0.59471	0.33000	1.34000	0.00000	0.00000	0.00000	17.24201
2018	14.73098	0.60216	0.33000	1.34000	0.00000	0.00000	0.00000	17.00314
2017	14.48900	0.69785	0.33000	1.34000	0.00000	0.00000	0.00000	16.85685
2016	14.73627	0.88311	0.33000	0.67000	0.00000	0.23734	0.00000	16.85672

Source: Iowa Department of Management

Historic Tax Rates

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

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>County</u>	<u>Total Levy</u>
2020	18.26000	17.05801	1.30529	0.00280	0.35653	0.26689	8.09573	45.34525
2019	18.26000	17.24201	1.30877	0.00290	0.35557	0.26158	8.09573	45.52656
2018	17.90720	17.00314	1.28565	0.00310	0.34745	0.25892	8.14576	44.95122
2017	17.75000	16.85685	1.51663	0.00330	0.33719	0.24454	8.34680	45.05531
2016	17.75000	16.85672	1.13910	0.00330	0.33057	0.23915	8.69118	44.67945

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>
2020	38,596,443	In collection	NA
2019	37,413,936	37,408,834	99.99%
2018	35,701,408	35,674,872	99.93%
2017	35,327,373	35,033,273	99.17%
2016	34,576,273	34,451,069	99.64%
2015	34,994,221	31,401,044	89.73%

Source: Council Bluffs CSD

Direct Debt

This issue represents the only outstanding GO Debt of the District. Presented below is the principal and interest on the District's outstanding general obligation bonds, including the Bonds, presented by fiscal year and issue:

<u>Payment Date</u>	<u>5/1/19</u>	<u>Est 5/1/20</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Less SAVE</u>	<u>Total P&I</u>
5/1/20	255,000		255,000	906,000	-4,587	1,156,413
5/1/21			0	1,278,350	-121,937	1,156,413
5/1/22		1,400,000	1,400,000	1,278,350	-1,521,937	1,156,413
5/1/23		1,500,000	1,500,000	1,222,350	-1,565,937	1,156,413
5/1/24		1,550,000	1,550,000	1,162,350	-1,555,937	1,156,413
5/1/25		1,600,000	1,600,000	1,100,350	-1,543,937	1,156,413
5/1/26		1,700,000	1,700,000	1,036,350	-1,579,937	1,156,413
5/1/27		1,750,000	1,750,000	968,350	-1,561,937	1,156,413
5/1/28	1,800,000		1,800,000	898,350	-1,541,937	1,156,413
5/1/29	1,800,000		1,800,000	844,350	-1,487,937	1,156,413
5/1/30	1,915,000		1,915,000	790,350	-1,548,937	1,156,413
5/1/31	2,100,000		2,100,000	732,900		2,832,900
5/1/32	2,200,000		2,200,000	669,900		2,869,900
5/1/33	2,200,000		2,200,000	603,900		2,803,900
5/1/34	2,300,000		2,300,000	537,900		2,837,900
5/1/35	2,380,000		2,380,000	468,900		2,848,900
5/1/36	2,450,000		2,450,000	397,500		2,847,500
5/1/37	2,600,000		2,600,000	324,000		2,924,000
5/1/38	2,700,000		2,700,000	220,000		2,920,000
5/1/39	2,800,000		2,800,000	112,000		2,912,000
Totals:	27,500,000	9,500,000	37,000,000	15,552,500	-14,034,959	38,517,541

Source: Council Bluffs CSD

Anticipatory Warrants

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

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>QZAB</u> <u>9/9/09</u>	<u>QSCB</u> <u>11/24/09</u>	<u>2016A</u> <u>3/1/16</u>	<u>2016B</u> <u>3/1/16</u>	<u>2017A</u> <u>10/24/17</u>	<u>2017B</u> <u>12/12/17</u>	<u>2019</u> <u>3/12/19</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total</u> <u>P&I</u>
2020	100,000	362,115	207,000	2,504,000	747,000	668,000	767,000	5,355,115	2,821,205	8,176,320
2021	100,000	362,115	212,000	2,574,000	744,000	681,000	835,000	5,508,115	2,725,807	8,233,922
2022	100,000	362,115	218,000	2,647,000	898,000	578,000	833,000	5,636,115	2,555,573	8,191,688
2023	100,000	362,115	224,000	2,721,000	824,000	681,000	850,000	5,762,115	2,397,865	8,159,980
2024		362,115	231,000	2,974,000	839,000	690,000	739,000	5,835,115	2,106,533	7,941,648
2025			237,000	3,057,000	899,000	660,000	0	4,853,000	1,140,878	5,993,878
2026			244,000	3,144,000	924,000	620,000	0	4,932,000	795,052	5,727,052
2027			251,000	3,233,000	972,000	640,000	0	5,096,000	590,370	5,686,370
2028			258,000	3,323,000	1,022,000	412,000	0	5,015,000	379,431	5,394,431
2029			268,000	3,554,000	493,000	87,000	0	4,402,000	162,562	4,564,562
Totals:	400,000	1,810,575	2,350,000	29,731,000	8,362,000	5,717,000	4,024,000	52,394,575	15,675,277	68,069,852

Source: Council Bluffs 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:

Actual Value of Property, 2018	3,540,083,950
X	0
<u>Statutory Debt Limit:</u>	<u>177,004,198</u>
Total General Obligation Debt:	37,000,000
Capital Leases:	
<u>Total Debt Subject to Limit:</u>	<u>37,000,000</u>
Percentage of Debt Limit Obligated:	20.90%

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 \$52,394,575 to be \$89,394,575, or 50.50% 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</u> <u>Debt</u>	<u>2018 Taxable</u> <u>Valuation</u>	<u>Taxable Value</u> <u>Within Issuer</u>	<u>Percentage</u> <u>Applicable</u>	<u>Amount</u> <u>Applicable</u>
City of Carter Lake	4,460,000	172,973,704	172,973,704	100.00%	4,460,000
City of Council Bluffs	66,482,000	2,910,507,760	1,972,379,037	67.77%	45,053,205
City of Crescent	340,000	27,424,074	27,424,074	100.00%	340,000
Pottawattamie County	7,190,000	5,308,437,030	2,360,026,122	44.46%	3,196,532
Iowa Western Community College	64,190,000	10,744,790,169	2,360,026,122	21.96%	14,098,933
Green Hills Area Education Agency	0	14,289,611,962	2,360,026,122		0
				Total	67,148,670

Source: Iowa Department of Management

FINANCIAL SUMMARY

Actual Value of Property, 2019	3,681,383,054
Taxable Value of Property, 2019	2,393,370,773
Direct General Obligation Debt:	27,500,000
Overlapping Debt:	67,393,036
Direct & Overlapping General Obligation Debt:	94,893,036
Population, 2010 US Census:	59,804
Direct Debt per Capita:	460
Total Debt per Capita:	1,587
Direct Debt to Taxable Valuation:	1.15%
Total Debt to Taxable Valuation:	3.96%
Direct Debt to Actual Valuation:	0.75%
Total Debt to Actual Valuation:	2.58%
Actual Valuation per Capita:	61,557
Taxable Valuation per Capita:	40,020

Source: Iowa Department of Management

APPENDIX B – FORM OF LEGAL OPINION

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Council Bluffs Community School District in the County of Pottawattamie, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2020, by said Issuer, dated May 1, 2020, 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

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Council Bluffs Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$_____ General Obligation School Bonds, Series 2020 (the "Bonds") dated May 1, 2020. The Bonds are being issued pursuant to a Resolution of the Issuer approved on _____, 2020 (the "Resolution"). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated _____, 2020.

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

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

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

- a. The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April of each year following the close of the Issuer's fiscal year (currently June 30), commencing with information for the 2019/2020 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information filing and later than the date required above for the filing of the Annual Financial Information if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

- a. The last available audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under State law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with generally accepted accounting principles, noting the discrepancies therefrom and the effect thereof. If the Issuer's audited financial statements for the preceding years are not available by the time Annual Financial Information is required to be filed pursuant to Section 3(a), the Annual Financial Information filing shall contain unaudited financial statements of the type included in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Financial Information when they become available.
- b. A table, schedule or other information prepared as of the end of the preceding fiscal year, of the type contained in the final Official Statement under the 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;
 - xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - xv. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
 - xvi. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.
- b. Whenever the Issuer obtains the knowledge of the occurrence of a Listed Event, the Issuer shall determine if the occurrence is subject to notice only if material, and if so shall as soon as possible determine if such event would be material under applicable federal securities laws.

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

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

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

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

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

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

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

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

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

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating

Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: _____ day of _____, 2020.

COUNCIL BLUFFS 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: Council Bluffs Community School District, Iowa.

Name of Bond Issue: \$_____ General Obligation School Bonds, Series 2020

Dated Date of Issue: May 1, 2020

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__.

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT,
STATE OF IOWA

By: _____

Its: _____

APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2019 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>.

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Council Bluffs Community School District
Council Bluffs, Iowa

**Financial Statements and
Supplementary Information
June 30, 2019**

Together with Independent Auditor's Report

Council Bluffs Community School District

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Council Bluffs Community School District

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Council Bluffs Community School District

Officials

<u>Officials</u>	<u>Board of Education</u>	<u>Term Expires</u>
Dave Coziahr	President	2019
Chris LaFerla	Vice President	2019
Troy Arthur	Board Member	2019
Bill Grove	Board Member	2019
Dr. Jill Ogg-Gress	Board Member	2021
Kyle McGlade	Board Member	2021
John Minshall	Board Member	2021

School Officials

Dr. Vickie Murillo	Superintendent
Dean Wilson	District Secretary/Treasurer and Chief Financial Officer

Independent Auditor's Report

To the Board of Education
Council Bluffs 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 Council Bluffs Community School District, Council Bluffs, Iowa (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America 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 entity'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 entity'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 Council Bluffs Community School District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Budgetary Comparison Information, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions and Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 42 through 47 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 who 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 auditing standards generally accepted in the United States of America, 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 required supplementary 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 District's basic financial statements. The financial statements for the four years ended June 30, 2013 (which are not presented herein) were audited by other auditors, who expressed unmodified opinions on those financial statements. The supplementary information included on pages 48 through 56, 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*, 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 *Government Auditing Standards*, we have also issued our report dated November 12, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

SEIM JOHNSON, LLP

Omaha, Nebraska,
November 12, 2019.

Council Bluffs Community School District

Management's Discussion and Analysis

The Council Bluffs Community School District provides this Management's Discussion and Analysis of its financial statements. The narrative overview and analysis of financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2019 Financial Overview

- General Fund revenues increased from \$117,281,857 in fiscal 2018 to \$119,201,367 in fiscal 2019. The increase in General Fund revenues was attributed to an increase in state aid. General Fund expenditures increased from \$117,312,800 in fiscal 2018 to \$118,641,067 in fiscal 2019, primarily due to increases in instructional costs. The difference between fiscal 2019 revenues and expenditures resulted in a net surplus \$660,300. As a result, the District's General Fund balance increased from \$10,310,031 in fiscal 2018 to \$10,970,331 in fiscal 2019, which represents a 6.40% increase from the prior year.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues-AEA Flow-through) increased from 8.37% at June 30, 2018, to 8.69% at June 30, 2019. The State School Budget Review Committee recommends a solvency ratio of 5%-10%.

USING THIS ANNUAL REPORT

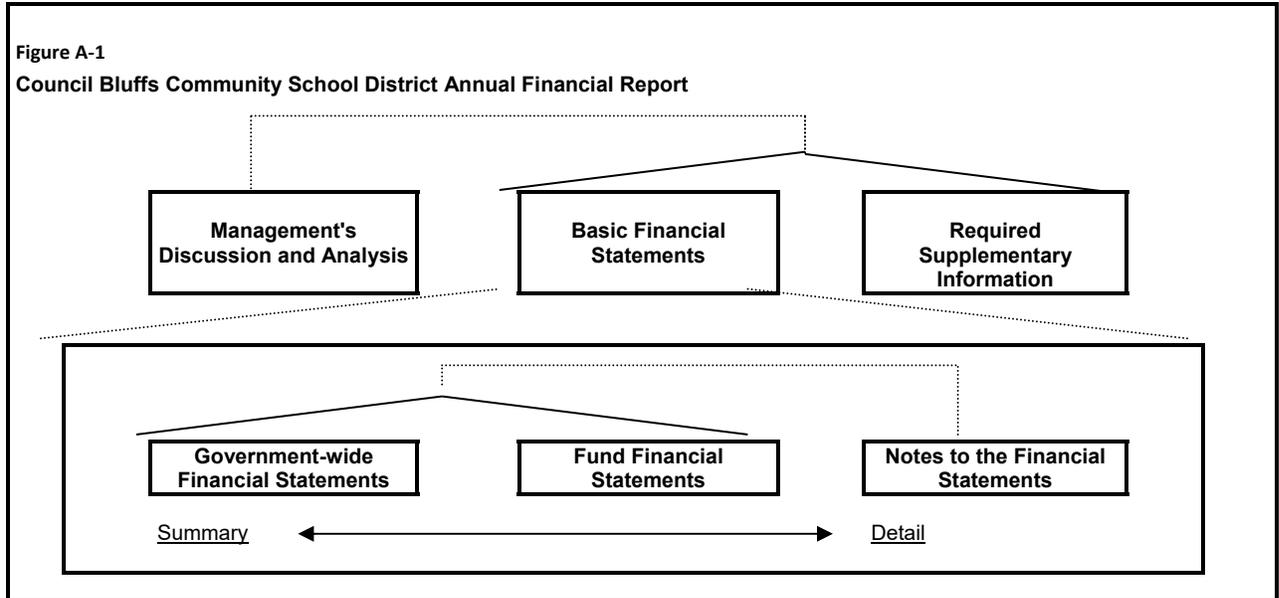
The annual report consists of a series of financial statements and other information, as follows:

- 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 Council Bluffs 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 Council Bluffs 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 Council Bluffs Community School District acts solely as an agent or custodian for the benefit of those outside of the School 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, as well as presenting the schedule of funding progress for the retiree health plan.
- Other Supplementary Information provides detailed information about the non-major funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Council Bluffs Community School District

Management's Discussion and Analysis

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



Council Bluffs Community School District

Management's Discussion and Analysis

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 special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> Statement of Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows 	<ul style="list-style-type: none"> 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, 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 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 year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Council Bluffs Community School District

Management's Discussion and Analysis

REPORTING OF DISTRICT'S FINANCIAL ACTIVITIES

Government-wide 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 and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

Council Bluffs Community School District

Management's Discussion and Analysis

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

1. *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 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 one enterprise fund, the School Nutrition Fund. Internal service funds are used to report the same functions presented as governmental activities in the government-wide financial statements. The District maintains one internal service fund to account for the premium and claim payments for the self-insured health insurance plans for District employees. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. Because the service provided by the District predominately benefits governmental, rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The required financial statements for proprietary funds include a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

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

Government-Wide Financial Analysis

Net Position – Figure A-3 below provides a summary of the District's net position at June 30, 2019 compared to June 30, 2018.

Figure A-3
Statement of Net Position

	Governmental Activities		Business-type Activities		Total School District		% Change 2018-2019
	June 30,		June 30,		June 30,		
	2019	2018	2019	2018	2019	2018	
Current and other assets	\$ 117,396,354	89,041,721	2,426,817	2,182,214	119,823,171	91,223,935	31.35%
Capital assets	129,889,549	128,412,043	140,013	186,152	130,029,562	128,598,195	1.11%
Total assets	247,285,903	217,453,764	2,566,830	2,368,366	249,852,733	219,822,130	13.66%
Deferred outflows	19,642,457	22,322,540	377,990	745,356	20,020,447	23,067,896	100%
Total assets and deferred outflows	266,928,360	239,776,304	2,944,820	3,113,722	269,873,180	242,890,026	11.11%
Liabilities	172,762,171	143,845,042	1,899,946	1,902,313	174,662,117	145,747,355	19.84%
Deferred inflows	41,737,190	38,809,980	114,997	183,971	41,852,187	38,993,951	7.33%
Net position:							
Net investment in capital assets	42,096,203	69,123,043	140,013	186,152	42,236,216	69,309,195	-39.06%
Restricted	17,390,283	15,418,482	--	--	17,390,283	15,418,482	12.79%
Unrestricted	(7,057,487)	(27,420,243)	789,864	841,286	(6,267,623)	(26,578,957)	76.42%
Total net position	52,428,999	57,121,282	929,877	1,027,438	53,358,876	58,148,720	-8.24%
Total liabilities, deferred inflows and net position	\$ 266,928,360	239,776,304	2,944,820	3,113,722	269,873,180	242,890,026	11.11%

The District's combined net position decreased 8.24% over the prior year due to renovations and debt service related to the middle school renovation during 2019. Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on how funds can be used. The District's restricted net position increased 12.79% compared to last year, primarily a result of debt obligations and capital project costs.

Unrestricted net position – the part of net position used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased 76.42% due to results from GASB 68-Accounting and Financial Reporting for Pensions.

Council Bluffs Community School District

Management's Discussion and Analysis

Changes in net position – Figure A-4 shows the changes in net position for the year ended June 30, 2019 compared to the year ended June 30, 2018.

Figure A-4
Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total School District		% Change 2018-2019
	June 30,		June 30,		June 30,		
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for services	\$ 4,392,011	3,946,964	178,042	425,805	4,570,053	4,372,769	4.51%
Operating grants, contributions and restricted interest	25,853,111	26,012,729	5,348,314	4,937,340	31,201,425	30,950,069	0.81%
Capital grants, contributions, and restricted interest	870,120	1,868,965	--	--	870,120	1,868,965	-53.44%
General revenue:							
Property and other tax	37,408,834	35,705,002	--	--	37,408,834	35,705,002	4.77%
Statewide sales, services and use tax	9,365,463	8,618,676	--	--	9,365,463	8,618,676	8.66%
Unrestricted state grants	57,847,788	57,594,015	--	--	57,847,788	57,594,015	0.44%
Other	402,284	273,902	--	--	402,284	273,902	46.87%
Total revenues	136,139,611	134,020,253	5,526,356	5,363,145	141,665,967	139,383,398	1.64%
Program expenditures by Governmental Activities							
Instruction	80,696,098	82,506,173	--	--	80,696,098	82,506,173	-2.19%
Support services	44,018,831	37,665,908	--	--	44,018,831	37,665,908	16.87%
Non-instructional programs	--	--	5,623,917	5,180,440	5,623,917	5,180,440	8.56%
Other expenses	16,116,965	16,289,373	--	--	16,116,965	16,289,373	-1.06%
Total expenses	140,831,894	136,461,454	5,623,917	5,180,440	146,455,811	141,641,894	3.40%
Change in net position	(4,692,283)	(2,441,201)	(97,561)	182,705	(4,789,844)	(2,258,496)	112.08%
Beginning Net Position	57,121,282	59,562,483	1,027,438	844,733	58,148,720	60,407,216	-3.74%
Ending Net Position	\$ 52,428,999	57,121,282	929,877	1,027,438	53,358,876	58,148,720	-8.24%

In fiscal 2019, property tax, statewide sales, service and use tax and unrestricted state grants account for 76.85% compared to 76.05% in fiscal 2018 of revenue from governmental activities, while charges for services and operating grants and contributions account for 100% of the revenue from business-type activities.

As shown in Figure A-4, the District as a whole experienced a 1.64% increase in FY19 revenues compared to a 1.79% increase in FY18, and a 3.40% increase in FY19 expenditures compared to a 3.64% increase in FY18 expenses.

Governmental Activities

Revenues for governmental activities were \$136,139,611 and expenses were \$140,831,894 for the year ended June 30, 2019. The District levied a cash reserve levy and minimized increases in expenditures to show an increase in the District's solvency ratio.

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 for the year ended June 30, 2019 compared to the year ended June 30, 2018.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost			Net Cost		
	June 30,			June 30,		
	2019	2018	% Change	2019	2018	% Change
Instruction	80,696,098	82,506,173	-2.19%	55,204,231	53,520,970	3.15%
Support services	44,018,831	37,665,908	16.87%	43,796,783	36,533,705	19.88%
Other expenses	16,116,965	16,289,373	-1.06%	10,715,638	8,965,890	19.52%
Totals	140,831,894	136,461,454	3.20%	109,716,652	99,020,565	10.80%

- The cost financed by users of the District's programs was \$4,392,011.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$25,853,111.

Council Bluffs Community School District

Management's Discussion and Analysis

- The net cost of governmental activities was financed with \$37,408,834 in property tax, \$9,365,463 in statewide sales, services and use tax, \$57,847,788 in unrestricted state grants, \$245,054 in interest income, and \$157,230 in other general revenues.

Business-Type Activities

Revenues of the District's business-type activities were \$5,526,356 and expenses were \$5,623,917. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements, and investment income. The district provided free breakfast and lunch, without charge, in eleven CEP (Community Eligibility Provision) schools under a key provision of *The Healthy, Hunger Free Kids Act* (HHFKA, Public Law 111-296; December 13, 2010). CEP schools are defined as schools in low income areas in the aggregate for the specific school. The district is reimbursed using a formula based on the percentage of students participating in other specific means-tested programs.

Individual Fund Analysis

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$52,534,056 for 2019 and \$25,432,091 for 2018. The increase was attributable to the issuance of new debt in fiscal 2019.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Revenues increased from FY18 attributable to a greater increase in state aid.
- The Debt Service Fund balance increased from FY 2018 due to new debt issued during FY 2019.
- Capital Project Fund balance increased from fiscal 2018 due to the issuance of new debt related to the Middle School renovation project.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased 9.5% from \$1,027,438 at June 30, 2018 to \$929,877 at June 30, 2019, due to adjustments for GASB 68.

Budgetary Highlights

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.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2019, the District had invested \$130.0 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities and transportation equipment. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$10.1 million.

The original cost of the District's capital assets was \$234.8 million. Governmental funds account for \$234.0 million with the remainder in the Proprietary, School Nutrition Fund.

Council Bluffs Community School District

Management's Discussion and Analysis

The largest change in capital asset activity during the year occurred in work-in-progress category related to the middle school renovation project.

Figure A-6
Capital Asset Summary

	Governmental Activities		Business Activities		Total School District		% Change 2018-2019
	June 30,		June 30,		June 30,		
	2019	2018	2019	2018	2019	2018	
Land	4,352,694	3,960,545	--	--	4,352,694	3,960,545	9.90%
Construction in progress	7,846,923	1,291,153	--	--	7,846,923	1,291,153	507.75%
Buildings & land improvements	116,033,345	121,065,091	--	--	116,033,345	121,065,091	-4.16%
Furniture & equipment	1,656,587	2,095,254	140,013	186,152	1,796,600	2,281,406	-21.25%
Totals	129,889,549	128,412,043	140,013	186,152	130,029,562	128,598,195	1.11%

Long-Term Debt

At June 30, 2019, the District had \$151.7 million in outstanding long-term debt. This represents an increase of 20.4% from the prior year related to the middle school renovation project.

Figure A-7
Long Term Liabilities Summary

	2019	2018	% Change 2018-2019
General obligation bonds	27,500,000	--	100.0%
Premium on general obligation bonds	955,346	--	100.0%
Revenue Bonds	52,188,000	52,139,000	0.1%
Quality Zone Academy Bonds	1,500,000	1,500,000	0.0%
Qualified School Construction Bonds	5,650,000	5,650,000	0.0%
Compensated Absences	193,304	157,601	22.7%
Net OPEB Liability	7,050,849	6,567,955	7.4%
Net pension liability	58,552,550	59,976,062	-2.4%
Totals	153,590,049	125,990,618	21.9%

Factors Influencing the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The political environment in Iowa makes planning for future funding difficult. The Iowa legislature usually sets changes in school funding three to four months prior to the start of the fiscal year.
- The levels of state and federal funding for education are not keeping pace with the increases in cost and mandated growth. The District received 1.00% increase in state funding for the year ended June 30, 2019. Although the District's financial position is currently stable, small increases in future state aid will negatively affect future District finances.
- Costs associated with special education continue rising as more students are identified as requiring additional services. The special education deficit for 2019 was \$1.89 million compared to a deficit in 2018 of \$2.3 million.
- Unfunded mandates at the state or federal level.
- The District experienced an enrollment decrease in FY 2018 of 132 students, and a decrease of 71 students for FY 2019.
- Fixed costs are anticipated to increase regarding routine maintenance and utilities.

Council Bluffs Community School District

Management's Discussion and Analysis

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dean Wilson, Chief Financial Officer, Council Bluffs Community School District, 300 W Broadway, Suite 1600, Council Bluffs, Iowa, 51503.

Council Bluffs Community School District

Statement of Net Position June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents and pooled investments	\$ 43,053,763	2,256,228	45,309,991
Receivables:			
Property tax:			
Delinquent	507,526	--	507,526
Succeeding year	38,596,443	--	38,596,443
Accounts	5,832,702	51,841	5,884,543
Due from other funds	61,516	--	61,516
Inventories	57,157	113,724	170,881
Prepaid expenses	230,897	5,024	235,921
Investments	29,056,350	--	29,056,350
Capital assets, net of accumulated depreciation	129,889,549	140,013	130,029,562
Total assets	247,285,903	2,566,830	249,852,733
DEFERRED OUTFLOWS OF RESOURCES			
Deferred gain on refunding	3,164,061	--	3,164,061
Pension related deferred outflows	16,478,396	377,990	16,856,386
Total deferred outflows of resources	19,642,457	377,990	20,020,447
Total assets and deferred outflows of resources	\$ 266,928,360	2,944,820	269,873,180
LIABILITIES			
Accounts payable	\$ 6,390,504	190,220	6,580,724
Salaries and benefits payable	12,617,881	264,120	12,882,001
Accrued expenses	41,735	--	41,735
Accrued interest payable	909,897	--	909,897
Current portion of long-term debt	4,612,000	--	4,612,000
Incurred and unpaid claims	657,711	--	657,711
Compensated absences	184,544	8,760	193,304
Long-term debt, net of current portion	83,181,346	--	83,181,346
Other post employment benefits	6,671,428	379,421	7,050,849
Net pension liability	57,495,125	1,057,425	58,552,550
Total liabilities	172,762,171	1,899,946	174,662,117
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	38,596,443	--	38,596,443
Advances from grantors	--	29,794	29,794
OPEB related deferred inflows	277,581	16,151	293,732
Pension related deferred inflows	2,863,166	69,052	2,932,218
Total deferred inflows of resources	41,737,190	114,997	41,852,187
NET POSITION			
Net investment in capital assets	42,096,203	140,013	42,236,216
Restricted for:			
Categorical funding	698,971	--	698,971
Debt service	6,485,738	--	6,485,738
Management levy purposes	2,186,401	--	2,186,401
Student activities	447,889	--	447,889
School infrastructure	4,935,223	--	4,935,223
Physical plant and equipment	2,636,061	--	2,636,061
Unrestricted	(7,057,487)	789,864	(6,267,623)
Total net position	52,428,999	929,877	53,358,876
Total liabilities, deferred inflows of resources and net position	\$ 266,928,360	2,944,820	269,873,180

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Activities For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
Instruction:							
Regular instruction	\$ 79,281,883	3,100,263	21,129,323	--	(55,052,297)	--	(55,052,297)
Other instruction	1,414,215	1,148,192	114,089	--	(151,934)	--	(151,934)
	<u>80,696,098</u>	<u>4,248,455</u>	<u>21,243,412</u>	<u>--</u>	<u>(55,204,231)</u>	<u>--</u>	<u>(55,204,231)</u>
Support services:							
Student services	5,478,974	--	--	--	(5,478,974)	--	(5,478,974)
Instructional staff services	5,190,702	--	--	--	(5,190,702)	--	(5,190,702)
Administration services	16,915,727	--	--	--	(16,915,727)	--	(16,915,727)
Operation and maintenance of plant	10,681,930	143,268	--	--	(10,538,662)	--	(10,538,662)
Transportation services	5,751,498	288	78,492	--	(5,672,718)	--	(5,672,718)
	<u>44,018,831</u>	<u>143,556</u>	<u>78,492</u>	<u>--</u>	<u>(43,796,783)</u>	<u>--</u>	<u>(43,796,783)</u>
Other expenditures:							
Facilities acquisition	(85,260)	--	--	870,120	955,380	--	955,380
Long-term debt interest	2,269,762	--	190,860	--	(2,078,902)	--	(2,078,902)
AEA flowthrough	4,340,347	--	4,340,347	--	--	--	--
Depreciation (unallocated)*	9,592,116	--	--	--	(9,592,116)	--	(9,592,116)
	<u>16,116,965</u>	<u>--</u>	<u>4,531,207</u>	<u>870,120</u>	<u>(10,715,638)</u>	<u>--</u>	<u>(10,715,638)</u>
Total governmental activities	140,831,894	4,392,011	25,853,111	870,120	(109,716,652)	--	(109,716,652)
Business type activities:							
Non-instructional programs:							
Food service operations	5,623,917	178,042	5,348,314	--	--	(97,561)	(97,561)
Total primary government	<u>\$ 146,455,811</u>	<u>4,570,053</u>	<u>31,201,425</u>	<u>870,120</u>	<u>(109,716,652)</u>	<u>(97,561)</u>	<u>(109,814,213)</u>
General revenues							
Property and other tax levied for:							
General purposes					\$ 33,610,265	--	33,610,265
Capital outlay					3,798,569	--	3,798,569
Statewide sales, services and use tax					9,365,463	--	9,365,463
Unrestricted state grants					57,847,788	--	57,847,788
Unrestricted investment earnings					245,054	--	245,054
Other					157,230	--	157,230
Total general revenues					<u>105,024,369</u>	<u>--</u>	<u>105,024,369</u>
Change in net position					(4,692,283)	(97,561)	(4,789,844)
Net position, beginning of year					<u>57,121,282</u>	<u>1,027,438</u>	<u>58,148,720</u>
Net position, end of year					<u>\$ 52,428,999</u>	<u>929,877</u>	<u>53,358,876</u>

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

See accompanying notes to the financial statements

Council Bluffs Community School District

Balance Sheet – Governmental Funds June 30, 2019

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and pooled investments	\$ 21,536,904	7,323,982	7,395,635	2,654,251	38,910,772
Receivables:					
Property tax:					
Delinquent	439,300	50,872	--	17,354	507,526
Succeeding year	31,998,284	3,941,244	1,156,908	1,500,007	38,596,443
Accounts	4,954,232	742,685	--	3,678	5,700,595
Investments	--	26,044,281	--	--	26,044,281
Due from other funds	440,319	--	--	--	440,319
Inventories	57,157	--	--	--	57,157
Prepaid expenses	228,881	--	--	2,016	230,897
Total assets	<u>\$ 59,655,077</u>	<u>38,103,064</u>	<u>8,552,543</u>	<u>4,177,306</u>	<u>110,487,990</u>
LIABILITIES					
Accounts payable	\$ 4,164,361	2,249,217	--	39,454	6,453,032
Due to other funds	--	378,803	--	--	378,803
Salaries and benefits payable	12,483,921	--	--	--	12,483,921
Accrued expenses	38,180	--	--	3,555	41,735
Total liabilities	<u>16,686,462</u>	<u>2,628,020</u>	<u>--</u>	<u>43,009</u>	<u>19,357,491</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues:					
Succeeding year property tax	31,998,284	3,941,244	1,156,908	1,500,007	38,596,443
Total deferred inflows of resources	<u>31,998,284</u>	<u>3,941,244</u>	<u>1,156,908</u>	<u>1,500,007</u>	<u>38,596,443</u>
FUND BALANCES					
Nonspendable:					
Inventories	57,157	--	--	--	57,157
Prepaid items	228,881	--	--	--	228,881
Restricted for:					
Categorical funding	698,971	--	--	--	698,971
Debt service	--	--	7,395,635	--	7,395,635
School infrastructure	--	28,897,739	--	--	28,897,739
Physical plant and equipment	--	2,636,061	--	--	2,636,061
Management levy purposes	--	--	--	2,186,401	2,186,401
Student activities	--	--	--	447,889	447,889
Unassigned	9,985,322	--	--	--	9,985,322
Total fund balances	<u>10,970,331</u>	<u>31,533,800</u>	<u>7,395,635</u>	<u>2,634,290</u>	<u>52,534,056</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 59,655,077</u>	<u>38,103,064</u>	<u>8,552,543</u>	<u>4,177,306</u>	<u>110,487,990</u>
RECONCILIATION					
Total fund balances - governmental funds					\$ 52,534,056
Amounts reported for governmental activities in statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.					129,889,549
Long-term liabilities, including long-term debt, compensated absences payable, other post employment benefits payable and net pension liability are not due and payable in the current period and therefore are not reported in the funds.					(152,144,443)
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 funds.					(909,897)
Deferred outflows of resources and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds, as follows:					
Deferred outflows of resources				19,642,457	
Deferred inflows of resources				(3,140,747)	16,501,710
Internal service funds are used by management to charge the costs of certain activities, such as insurance and vehicles to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.					6,558,024
Net position - governmental activities					<u>\$ 52,428,999</u>

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds For the Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local sources:					
Local tax	\$ 32,335,411	13,164,032	--	1,274,854	46,774,297
Tuition	3,032,774	--	--	--	3,032,774
Other	2,923,761	870,120	190,860	1,154,430	5,139,171
State sources	73,715,860	135,852	--	48,096	73,899,808
Federal sources	7,193,561	--	--	--	7,193,561
Total revenues	<u>119,201,367</u>	<u>14,170,004</u>	<u>190,860</u>	<u>2,477,380</u>	<u>136,039,611</u>
EXPENDITURES					
Current					
Instruction:					
Regular instruction	77,783,788	847,609	--	131,360	78,762,757
Other instruction	89,055	--	--	973,085	1,062,140
	<u>77,872,843</u>	<u>847,609</u>	<u>--</u>	<u>1,104,445</u>	<u>79,824,897</u>
Support services:					
Student services	5,241,539	10,426	--	21,450	5,273,415
Instructional staff services	4,973,208	--	--	17,179	4,990,387
Administration services	13,023,575	3,305,996	--	65,369	16,394,940
Operation and maintenance of plant services	8,365,309	1,046,434	--	1,094,748	10,506,491
Transportation services	4,824,246	898,052	--	4,380	5,726,678
	<u>36,427,877</u>	<u>5,260,908</u>	<u>--</u>	<u>1,203,126</u>	<u>42,891,911</u>
Other expenditures:					
Facilities acquisition	--	8,638,085	--	--	8,638,085
Long-term debt:					
Principal	--	--	3,975,000	--	3,975,000
Interest and fiscal charges	--	310,835	1,543,945	--	1,854,780
AEA flowthrough	4,340,347	--	--	--	4,340,347
	<u>4,340,347</u>	<u>8,948,920</u>	<u>5,518,945</u>	<u>--</u>	<u>18,808,212</u>
Total expenditures	<u>118,641,067</u>	<u>15,057,437</u>	<u>5,518,945</u>	<u>2,307,571</u>	<u>141,525,020</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>560,300</u>	<u>(887,433)</u>	<u>(5,328,085)</u>	<u>169,809</u>	<u>(5,485,409)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issue	--	31,524,000	--	--	31,524,000
Premiums on bond issue	--	963,374	--	--	963,374
Transfers in (out)	100,000	(6,349,460)	6,349,460	--	100,000
Total other financing sources and uses	<u>100,000</u>	<u>26,137,914</u>	<u>6,349,460</u>	<u>--</u>	<u>32,587,374</u>
CHANGE IN FUND BALANCES	660,300	25,250,481	1,021,375	169,809	27,101,965
FUND BALANCES, BEGINNING OF YEAR	<u>10,310,031</u>	<u>6,283,319</u>	<u>6,374,260</u>	<u>2,464,481</u>	<u>25,432,091</u>
FUND BALANCES, END OF YEAR	<u>\$ 10,970,331</u>	<u>31,533,800</u>	<u>7,395,635</u>	<u>2,634,290</u>	<u>52,534,056</u>
RECONCILIATION					
Net change in fund balances - total governmental funds					\$ 27,101,965
Internal service funds are used by management to change the cost of certain activities to individual funds. The change in net position is reported with governmental activities.					(1,116,262)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense.					1,477,506
The current year District employer share of IPERS contributions are reported as expenditures in governmental funds, but are reported as a deferred outflow of resources in the statement of net position.					(2,751,928)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position.					3,975,000
Bond proceeds provide current financial resources to governmental funds but issuing debt increases long term liabilities in the statement of net position.					(32,487,374)
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds.					(891,190)
Change in net position - governmental activities					\$ <u>(4,692,283)</u>

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Net Position – Proprietary Funds June 30, 2019

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Enterprise	School Nutrition	Internal Service Employee Health
ASSETS			
Current assets:			
Cash, cash equivalents and pooled investments	\$	2,256,228	4,142,991
Accounts receivable		51,841	197,914
Inventories		113,724	--
Prepaid expenses		5,024	--
Investments		--	3,012,069
Total current assets		2,426,817	7,352,974
Noncurrent assets:			
Capital assets, net of accumulated depreciation		140,013	--
Total assets		2,566,830	7,352,974
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows		377,990	--
Total assets and deferred outflows of resources	\$	2,944,820	7,352,974
LIABILITIES			
Current liabilities:			
Accounts payable	\$	190,220	3,279
Salaries and benefits payable		264,120	133,960
Incurred and unpaid claims		--	657,711
Compensated absences		8,760	--
Other post employment benefits		379,421	--
Total current liabilities		842,521	794,950
Long-term liabilities:			
Net pension liability		1,057,425	--
Total liabilities		1,899,946	794,950
DEFERRED INFLOWS OF RESOURCES			
Advances from grantors		29,794	--
OPEB related deferred inflows		16,151	--
Pension related deferred inflows		69,052	--
Total deferred inflows of resources		114,997	--
NET POSITION			
Net investment in capital assets		140,013	--
Unrestricted		789,864	6,558,024
Total net position		929,877	6,558,024
Total liabilities, deferred inflows of resources, and net position	\$	2,944,820	7,352,974

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds For the Year Ended June 30, 2019

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Enterprise	School Nutrition	Internal Service Employee Health
OPERATING REVENUES			
Local sources:			
Charges for services	\$	178,042	9,479,741
OPERATING EXPENSES			
Support services:			
Administration services		--	10,829,059
Non-instructional programs:			
Food service operations:			
Salaries		1,653,360	--
Benefits		938,734	--
Purchased services		20,610	--
Supplies		2,856,987	--
Miscellaneous		31	--
Depreciation		54,195	--
Total operating expenses		5,523,917	10,829,059
OPERATING LOSS		(5,345,875)	(1,349,318)
NON-OPERATING REVENUES:			
State sources		45,580	--
Federal sources		5,282,542	--
Other		20,192	233,056
Total non-operating revenues		5,348,314	233,056
OTHER FINANCING USES			
Transfers out		(100,000)	--
CHANGE IN NET POSITION		(97,561)	(1,116,262)
NET POSITION, BEGINNING OF YEAR		1,027,438	7,674,286
NET POSITION, END OF YEAR	\$	929,877	6,558,024

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Cash Flows – Proprietary Funds For the Year Ended June 30, 2019

	Business-Type Activities Enterprise Funds	Governmental Activities
	Enterprise	Internal Service
	School Nutrition	Employee Health
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from user charges	\$ 208,194	10,301,185
Payments to employees	(1,669,878)	--
Payments of employee benefits	(555,972)	(10,769)
Payments to suppliers for goods and services	(2,852,288)	(10,925,287)
Net cash used in operating activities	<u>(4,869,944)</u>	<u>(634,871)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State subsidies received	45,580	--
Federal subsidies received	5,282,542	--
Transfers to other funds	(100,000)	--
Other nonoperating receipts (payments)	(90,221)	233,056
Net cash provided by noncapital financing activities	<u>5,137,901</u>	<u>233,056</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to investments	--	(3,012,069)
Net cash used in investing activities	<u>--</u>	<u>(3,012,069)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(8,056)	--
Net cash used in capital and related financing activities	<u>(8,056)</u>	<u>--</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	259,901	(3,413,884)
CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS, BEGINNING OF YEAR	<u>1,996,327</u>	<u>7,556,875</u>
CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS, END OF YEAR	<u>\$ 2,256,228</u>	<u>4,142,991</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (5,345,875)	(1,349,318)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	54,195	--
Decrease in accounts receivable	30,152	821,444
Increase in prepaid expenses	(5,024)	--
Increase in inventories	(9,830)	--
Decrease in deferred outflows of resources	367,366	--
Increase (decrease) in accounts payable	40,194	(115,299)
Decrease in salaries and benefits payable	(9,733)	(10,769)
Increase in incurred and unpaid claims	--	19,071
Increase in other post employment benefits	28,052	--
Decrease in net pension liability	(60,880)	--
Increase in deferred inflows of resources	41,439	--
Net cash used in operating activities	<u>\$ (4,869,944)</u>	<u>(634,871)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
During the year ended June 30, 2019 the District received \$394,817 of federal commodities		

See accompanying notes to the financial statements

Council Bluffs Community School District

Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Due from other governments	\$ <u>77,397</u>
Total assets	<u><u>77,397</u></u>
LIABILITIES	
Accounts payable	15,881
Interfund loan payable	<u>61,516</u>
Total liabilities	<u><u>\$ 77,397</u></u>

See accompanying notes to the financial statements

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

(1) Organization and Summary of Significant Accounting Policies

The Council Bluffs Community School District (the District) is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Carter Lake, Crescent and Council Bluffs, Iowa and the predominately agricultural territory in Pottawattamie County. 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

For financial reporting purposes, the 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. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The District has no component units which meet the GASB criteria.

Jointly Governed Organizations - The District participates in jointly governed organizations that provide services to the District but do 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 Pottawattamie 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 nonfiduciary activities of the District. 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 services.

The Statement of Net Position presents the District's nonfiduciary 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 often has constraints on resources that are imposed by management, but can be removed or modified.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

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

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

The District reports the following major governmental funds:

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

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

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of principal and interest on the District's general long-term debt.

The District reports the following major proprietary funds:

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

The Internal Service Fund is used to account for self-funded health insurance provided to other departments or funds of the District. The District's internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial activity of the internal service fund is included in the governmental activities column when presented in the government-wide financial statements.

The District also reports the following fiduciary fund which focuses on net position and changes in net position.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results 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 revenues as soon as all eligibility requirements imposed by the provider have been satisfied.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

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 District 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund 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 nonoperating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance

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

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

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

Property Tax Receivable - Property tax in the governmental funds is 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 levy is certified by the Board of Education. 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 levy

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

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 recognized, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax levy contained in the budget certified to the County Board of Supervisors in April 2018.

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

Capital Assets - Capital assets, which include property, machinery 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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

<u>Asset Class</u>	<u>Amount</u>
Buildings	50 years
Land improvements	20 years
Furniture and equipment	5-15 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date, but before the end of the employer's reporting period.

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

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. 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.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of unspent grant proceeds as well as succeeding year property tax receivable, other receivables not collected within sixty days after year end, the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and unrecognized items not yet charged to other post employment benefit expense.

Unavailable revenue on the Statement of 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 of other advances.

Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

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

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 imposed by law through constitutional provisions or enabling legislation.

Committed – Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal actions of the government's highest level of decision making authority. These amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it used to commit those amounts. The Board of Education is the District's highest level of authority. All actions concerning approving, eliminating, or modifying of minimal fund balances will be accomplished through resolution. At June 30, 2019, the District had no committed fund balance.

Assigned – Consists of amounts that are constrained by the government intended to be used for specific purposes, but are neither restricted nor committed. The authority for making an assignment is not required to be the government's highest decision making authority. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regards to committed fund balances. The District management staff will have the overall responsibilities for monitoring these balances. At June 30, 2019, the District had no assigned fund balance.

Unassigned – All amounts not included in the preceding classifications.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. The District did not exceed its General Fund unspent authorized budget.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

G. 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.

H. Total Other Post Employment Benefits (OPEB)

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

I. Recent Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The standard implements a single approach to accounting for leases. Lessees will be required to recognize a lease liability, measured at the present value of expected payments net of incentives, and an intangible right-to-use asset for all leases with terms of greater than 12 months. As payments are made, lessees will reduce the liability and recognize interest expense. Lease terms will include options to extend or terminate leases if it is reasonably certain that those options will be exercised. The standard will be effective for reporting periods beginning after December 15, 2020 (fiscal year ending June 30, 2022) with earlier application permitted. The District is currently evaluating the effect the new standard will have on the financial statements.

J. Subsequent Events

The District considered events occurring through November 12, 2019 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

(2) Cash, Cash Equivalents and Pooled Investments

The District's bank deposits at June 30, 2019 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 ensure 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.

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District had the following fair value measurements at June 30, 2019:

	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other Observable Inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Cash and money market funds	\$ 18,766,635	18,766,635	--	--
U.S. Government and Treasury obligations	4,498,452	--	4,498,452	--
	<u>\$ 23,265,087</u>	<u>18,766,635</u>	<u>4,498,452</u>	<u>--</u>

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency	\$ <u>61,516</u>

The Agency Fund is repaying the General Fund for a loan for cash flow purposes as receipts did not match when payments on invoices were due. The balance was paid in full in September 2019.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

(4) Interfund Transfers

The detail of interfund transfers at June 30, 2019 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service Fund	Capital Projects Fund	\$ 6,349,460
General Fund	Nutrition Fund	<u>100,000</u>
		<u>\$ 6,449,460</u>

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

(5) Capital Assets

Capital asset activity for the year ended June 30, 2019 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 3,960,545	392,149	--	4,352,694
Construction in progress	1,291,153	8,290,130	1,734,360	7,846,923
Total capital assets not being depreciated	<u>5,251,698</u>	<u>8,682,279</u>	<u>1,734,360</u>	<u>12,199,617</u>
Capital assets being depreciated:				
Buildings and land improvements	210,393,335	3,680,357	--	214,073,692
Furniture and equipment	6,783,724	922,634	--	7,706,358
Total capital assets being depreciated	<u>217,177,059</u>	<u>4,602,991</u>	<u>--</u>	<u>221,780,050</u>
Less accumulated depreciation for:				
Buildings and land improvements	89,328,244	8,712,103	--	98,040,347
Furniture and equipment	4,688,470	1,361,301	--	6,049,771
Total accumulated depreciation	<u>94,016,714</u>	<u>10,073,404</u>	<u>--</u>	<u>104,090,118</u>
Total capital assets being depreciated, net	<u>123,160,345</u>	<u>(5,470,413)</u>	<u>--</u>	<u>117,689,932</u>
Governmental activities capital assets, net	<u>\$ 128,412,043</u>	<u>3,211,866</u>	<u>1,734,360</u>	<u>129,889,549</u>
Business-type activities				
Furniture and equipment	\$ 774,689	8,056	--	782,745
Less accumulated depreciation	<u>588,537</u>	<u>54,195</u>	<u>--</u>	<u>642,732</u>
Business-type activities capital assets, net	<u>\$ 186,152</u>	<u>(46,139)</u>	<u>--</u>	<u>140,013</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Other		\$	352,076
Support services:			
Operation and maintenance of plant			79,214
Transportation			49,998
			<u>481,288</u>
Unallocated			<u>9,592,116</u>
			<u>10,073,404</u>
		\$	<u>10,073,404</u>
Business-type activities:			
Nutrition services		\$	<u>54,195</u>

The District has entered into various construction contracts totaling approximately \$43,000,000 for renovations and improvements at District facilities. At June 30, 2019, costs of approximately \$7,900,000 have been incurred related to these projects. The remaining balance of approximately \$35,100,000 will be paid as work on the projects progresses.

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2019 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities					
General obligation bonds	\$ --	27,500,000	--	27,500,000	255,000
Premium on general obligation bonds	--	963,374	8,028	955,346	--
Revenue bonds	52,139,000	4,024,000	3,975,000	52,188,000	4,357,000
Quality zone academy bonds	1,500,000	--	--	1,500,000	--
Qualified school construction bonds	5,650,000	--	--	5,650,000	--
Compensated absences	155,626	184,544	155,626	184,544	184,544
OPEB liability	6,216,586	454,842	--	6,671,428	--
Net pension liability	58,857,757	--	1,362,632	57,495,125	--
Total	\$ <u>124,518,969</u>	<u>33,126,760</u>	<u>5,501,286</u>	<u>152,144,443</u>	<u>4,796,544</u>
Business-type activities					
Compensated liabilities	\$ 1,975	8,760	1,975	8,760	8,760
OPEB liability	351,369	36,747	8,695	379,421	--
Net pension liability	1,118,305	--	60,880	1,057,425	--
Total	\$ <u>1,471,649</u>	<u>45,507</u>	<u>71,550</u>	<u>1,445,606</u>	<u>8,760</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

Details of the District's June 30, 2019 general obligation bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of May 1, 2019			
	Interest Rates	Principal	Interest	Total
2020	2.190%	\$ 255,000	906,000	1,161,000
2021	2.190%	--	898,350	898,350
2022	2.190%	--	898,350	898,350
2023	2.190%	--	898,350	898,350
2024	2.190%	--	898,350	898,350
Thereafter	2.190%	27,245,000	9,295,100	36,540,100
		<u>\$ 27,500,000</u>	<u>13,794,500</u>	<u>41,294,500</u>

Details of the District's June 30, 2019 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of March 1, 2016 Series A			
	Interest Rates	Principal	Interest	Total
2020	2.800%	204,000	67,214	271,214
2021	2.800%	209,000	61,460	270,460
2022	2.800%	215,000	55,566	270,566
2023	2.800%	221,000	49,504	270,504
2024	2.800%	228,000	43,274	271,274
Thereafter	2.800%	1,374,000	118,300	1,492,300
		<u>\$ 2,451,000</u>	<u>395,318</u>	<u>2,846,318</u>

Year Ending June 30,	Bond Issue of March 1, 2016 Series B			
	Interest Rates	Principal	Interest	Total
2020	2.800%	\$ 2,469,000	849,632	3,318,632
2021	2.800%	2,539,000	780,010	3,319,010
2022	2.800%	2,610,000	708,428	3,318,428
2023	2.800%	2,684,000	634,830	3,318,830
2024	2.800%	2,847,000	559,160	3,406,160
Thereafter	2.800%	17,808,000	1,539,846	19,347,846
		<u>\$ 30,957,000</u>	<u>5,071,906</u>	<u>36,028,906</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

Year Ending June 30,	Bond Issue of October 24, 2017 Series A			
	Interest Rates	Principal	Interest	Total
2020	2.190%	\$ 856,000	188,439	1,044,439
2021	2.190%	748,000	170,886	918,886
2022	2.190%	818,000	154,548	972,548
2023	2.190%	864,000	135,758	999,758
2024	2.190%	829,000	117,275	946,275
Thereafter	2.190%	4,732,000	293,077	5,025,077
		<u>\$ 8,847,000</u>	<u>1,059,983</u>	<u>9,906,983</u>

Year Ending June 30,	Bond Issue of December 12, 2017 Series B			
	Interest Rates	Principal	Interest	Total
2020	2.190%	\$ 541,000	127,305	668,305
2021	2.190%	659,000	114,066	773,066
2022	2.190%	630,000	99,393	729,393
2023	2.190%	629,000	86,166	715,166
2024	2.190%	681,000	71,821	752,821
Thereafter	2.190%	2,769,000	144,595	2,913,595
		<u>\$ 5,909,000</u>	<u>643,346</u>	<u>6,552,346</u>

Year Ending June 30,	Bond Issue of March 3, 2019 Series 2019			
	Interest Rates	Principal	Interest	Total
2020	2.190%	\$ 382,000	104,987	486,987
2021	2.190%	800,000	112,109	912,109
2022	2.190%	839,000	85,540	924,540
2023	2.190%	833,000	58,370	891,370
2024	2.190%	792,000	31,021	823,021
Thereafter	2.190%	378,000	6,143	384,143
		<u>\$ 4,024,000</u>	<u>398,170</u>	<u>4,422,170</u>

Year Ending June 30,	Total Revenue Bonds		
	Principal	Interest	Total
2020	\$ 4,452,000	1,337,577	5,789,577
2021	4,955,000	1,238,531	6,193,531
2022	5,112,000	1,103,475	6,215,475
2023	5,231,000	964,628	6,195,628
2024	5,377,000	822,551	6,199,551
Thereafter	27,061,000	2,101,961	29,162,961
	<u>\$ 52,188,000</u>	<u>7,568,723</u>	<u>59,756,723</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

The District has pledged future statewide sales, services and use tax revenues to repay the bonds issued March 1, 2016, October 24, 2017, December 12, 2017 and March 3, 2019. The bonds were issued for the purpose of defraying a portion of the costs of renovating buildings within the District. 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 limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 60% of statewide sales, services and use tax revenues. For the current year, principal and interest paid on the bonds was \$3,589,136 and total statewide sales, services and use tax revenues were \$9,365,463.

The resolutions providing for the issuance of the statewide sales, services and use tax revenues include the following provisions:

- a) Certain proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The accrued interest on the revenue bond proceeds shall be placed into a sinking account. The balance of the proceeds shall be deposited to the project account.
- b) The District will make transfers from the statewide sales, services and use tax account and those proceeds shall be placed in a revenue account.
- c) 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.
- d) 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.

Advance Refundings

On March 1, 2016, the District issued \$3,029,000 and \$39,138,000 of Revenue bonds with an interest rate of 2.8% to advance refund \$23,470,000 of outstanding Series 2010B bonds with an interest rate of 4.0 to 5.0% and \$16,095,000 of outstanding Series 2011 bonds with an interest rate of 3.5 to 5.0%.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,413,348. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2030 using the straight-line method. Amortization of the deferred amount was \$256,065 for the year ended June 30, 2019. The unamortized balance at June 30, 2019 was \$2,559,798.

On October 24, 2017, the District issued \$9,544,000 of Revenue bonds with an interest rate of 2.19% to advance refund \$9,900,000 of outstanding Series 2010A bonds with an interest rate of 3.0 to 4.75%. The net proceeds of \$9,451,442 (after payment of \$92,558 in underwriter fees, insurance and other issuance costs) plus an additional \$1,070,429 from Debt Service funds were used to purchase U.S. Government securities. The refunded bonds are considered defeased in-substance, and have been removed from the Government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$621,871. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2030 using the straight line method. Amortization of the deferred amount was \$36,050 for the year ended June 30, 2019. The unamortized balance at June 30, 2019 was \$531,741. The District completed the advance refunding to reduce its total debt service payments over the next 11 years by approximately \$2,100,000 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately \$1,800,000.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

On December 12, 2017, the District issued \$6,588,000 of Revenue bonds with an interest rate of 2.19% to advance refund \$7,145,000 of outstanding Series 2012 bonds with an interest rate of 2.0 to 3.0%. The net proceeds of \$6,526,134 (after payment of \$61,866 in underwriter fees, insurance and other issuance costs) plus an additional \$702,839 from Debt Service funds were used to purchase U.S. Government securities. The refunded bonds are considered defeased in-substance, and have been removed from the Government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$83,972. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2030 using the straight line method. Amortization of the deferred amount was \$7,634 for the year ended June 30, 2019. The unamortized balance at June 30, 2019 was \$72,522. The District completed the advance refunding to reduce its total debt service payments over the next 11 years by approximately \$1,000,000 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately \$787,000.

Quality Zone Academy Bonds

On November 24, 2009, the District issued Quality Zone Academy Bonds (QZAB) which are held by Security Bank of Kansas City. Annual transfers from the Capital Projects Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2024 of \$1,500,000. Details of the District's June 30, 2019 QZAB bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of November 24, 2009			
	Interest Rates	Principal	Interest	Total
2020	2.600%	\$ --	33,750	33,750
2021	2.600%	--	33,750	33,750
2022	2.600%	--	33,750	33,750
2023	2.600%	--	33,750	33,750
2024	2.600%	--	33,750	33,750
Thereafter	2.600%	1,500,000	16,875	1,516,875
		\$ 1,500,000	185,625	1,685,625

Qualified School Construction Bonds

On November 24, 2009, the District issued Qualified School Construction Bonds (QSCB). Annual transfers from the Capital Projects Fund to a debt sinking fund will be made to pay the indebtedness due July 1, 2025, of \$5,650,000. Details of the District's June 30, 2019 QSCB bond indebtedness are as follows:

Year Ending June 30,	Bond Issue of November 24, 2009			
	Interest Rates	Principal	Interest	Total
2020	2.600%	\$ --	146,900	146,900
2021	2.600%	--	146,900	146,900
2022	2.600%	--	146,900	146,900
2023	2.600%	--	146,900	146,900
2024	2.600%	--	146,900	146,900
Thereafter	2.600%	5,650,000	220,350	5,870,350
		\$ 5,650,000	954,850	6,604,850

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

(7) Pension and Retirement Benefits

Plan Description

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

Pension Benefits

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

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used 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 percent 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 percent for each month that the member receives benefits before age 65.

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

Disability and Death Benefits

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

Contributions

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

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2019, pursuant to the required rate, regular members contributed 6.29 percent of covered payroll and the District contributed 9.44 percent of covered payroll for a total rate of 15.73 percent.

The District's contributions to IPERS for the year ended June 30, 2019 were \$6,210,074.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of \$58,552,550 for its proportionate share of the net pension liability. The District's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2018, the District's proportion was 0.925548 percent, which was an increase of 0.017053 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$9,791,244. At June 30, 2019, 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	\$ 321,033	1,323,381
Changes of assumptions	8,352,884	--
Net difference between projected and actual earnings on pension plan investments	--	1,608,837
Changes in proportion and differences between District contributions and proportionate share of contributions	1,972,395	--
District contributions subsequent to the measurement date	<u>6,210,074</u>	<u>--</u>
Total	<u>\$ 16,856,386</u>	<u>2,932,218</u>

Deferred outflows of resources related to pensions included \$6,210,074 resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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,		
2020	\$	4,948,952
2021		2,623,391
2022		(99,479)
2023		222,828
2024		<u>18,402</u>
	\$	<u>7,714,094</u>

There were no non-employer contributing entities at IPERS.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary increases (effective June 30, 2017)	3.25 to 16.25 percent, average, including inflation. Rates vary by membership group
Investment rate of return (effective June 30, 2017)	7.0 percent per annum, compounded annually, net of pension plan investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation

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

Mortality rates used in the 2018 valuation were based on RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

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 7.0 percent, 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-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
District's proportionate share of the net pension liability	\$ 99,375,443	58,552,550	24,308,210

Pension Plan Fiduciary Net Position

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.

(8) **Other Postemployment Benefits (OPEB)**

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or retirees currently participating in the OPEB plan	40
Active employees	<u>1,086</u>
Total	<u>1,126</u>

Total OPEB Liability – The District's total OPEB liability of \$6,474,681 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal level percent of pay cost method, applied to all periods included in the measurement.

Rate of Inflation (effective June 30, 2017)	2.75 percent per annum
Salary increases (effective June 30, 2017)	3.25 percent, average, including inflation. Rates vary by membership group
Discount rate (effective June 30, 2018)	3.62 percent per annum
Healthcare cost trend rate (effective June 30, 2018)	6.90 percent for the year ending June 30, 2019, gradually decreasing to an ultimate rate of 4.40 percent for years ending June 30, 2075 and beyond.

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

Discount Rate – The discount rate used to measure the total OPEB liability was 3.62% which reflects the Fidelity 20-year Municipal GO AA Index as of the measurement date.

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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

Total OPEB liability, beginning of year, as restated	\$ <u>5,991,412</u>
Changes during the year:	
Service cost	544,271
Interest	228,103
Changes in assumptions	(32,531)
Benefit payments	<u>(256,574)</u>
Net changes	<u>483,269</u>
Total OPEB liability, end of year	\$ <u><u>6,474,681</u></u>

Changes in assumptions reflect the following changes:

- Discount rate was changed from 3.56% to 3.62% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including adjustment to reflect the impact of the Affordable Care Act's excise tax on high-cost health insurance plans.

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.62%) or 1% higher (4.62%) than the current discount rate.

	1% Decrease (2.62%)	Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB liability	\$ <u>7,035,040</u>	<u>6,474,681</u>	<u>5,953,666</u>

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.9%) or 1% higher (7.9%) than the current healthcare cost trend rates.

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Total OPEB liability	\$ <u>5,633,852</u>	<u>6,474,681</u>	<u>7,488,792</u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the District recognized OPEB expense of \$737,143. At June 30, 2019, the District reported deferred inflows of resources related to OPEB of \$293,732 from changes in assumptions used in the actuarial valuation.

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

<u>Year Ended June 30,</u>		
2020	\$	(35,231)
2021		(35,231)
2022		(35,231)
2023		(35,231)
2024		(35,231)
Thereafter		<u>(117,577)</u>
	\$	<u><u>(293,732)</u></u>

Additionally, the District offered an incentive to certain employees to elect to take early retirement from the District during the 2019, 2017 and 2016 fiscal years. If the employees elected to take early retirement, funds were set aside for the benefit of the employee to pay health insurance premiums. The funds are available to the employees for the next seven years, or until the amount of the funds set aside for each employee have been spent. As of June 30, 2019, the District was liable for future payments to plan participants of \$576,168.

(9) Self Insurance Program

The District has established a self insurance medical program which is accounted for in the Employee Health Fund (an internal service fund). This program provides employees health benefit coverage up to a maximum of \$160,000 per employee per year. The District purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

The District makes payments to the Employee Health Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The incurred and unpaid claims liability is based on liabilities incurred at the date of the financial statements and the amount of loss that can be reasonably estimated. Change in the Fund's claims liability amount is shown below.

Incurring and unpaid claims, beginning of year	\$ 638,640
Incurring claims	6,981,572
Payments	<u>(6,962,501)</u>
Incurring and unpaid claims, end of year	<u><u>\$ 657,711</u></u>

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

(10) Categorical Funding

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

The District's ending fund balances for categorical funding by project as of and for the year ended June 30, 2019 are as follows:

<u>Project</u>	<u>Amount</u>
Teacher salary supplement	\$ 174,359
Restricted funds	108,213
Gifted and talented	101,162
Voluntary preschool	91,776
Core curriculum	77,559
Early readers	76,459
Educator quality	52,045
Reading recovery	9,420
Empowerment professional development	7,978
	<u>\$ 698,971</u>

(11) Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of property, 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.

(12) 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 \$4,340,347 for the year ended June 30, 2019.

(13) Lease Commitments

The District has entered into a lease agreement for the use of various vehicles and buses for student transportation as well as administrative office space. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 1,219,800
2021	1,224,696
2022	1,229,688
2023	259,788
2024	264,984

Council Bluffs Community School District

Notes to Basic Financial Statements June 30, 2019

(14) Tax Abatements

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

Tax Abatements of Other Entities

Property tax revenues of the District were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Council Bluffs	Tax Increment Financing	\$ 1,165,986
City of Carter Lake	Tax Increment Financing	\$ 104,744

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, 2019, this reimbursement amounted to \$496,472.

Council Bluffs Community School District

**Required Supplementary Information
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances – Budget and Actual –
All Governmental Funds and Proprietary Fund
For the Year Ended June 30, 2019**

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual
	Fund Types Actual	Fund Type Actual		Original	Final	Variance
REVENUES						
Local sources	\$ 54,946,242	198,234	55,144,476	52,368,623	52,368,623	2,775,853
State sources	73,899,808	45,580	73,945,388	73,573,166	73,573,166	372,222
Federal sources	7,193,561	5,282,542	12,476,103	12,883,370	12,883,370	(407,267)
Total revenues	<u>136,039,611</u>	<u>5,526,356</u>	<u>141,565,967</u>	<u>138,825,159</u>	<u>138,825,159</u>	<u>2,740,808</u>
EXPENDITURES/EXPENSES						
Instruction	79,824,897	--	79,824,897	80,138,000	80,138,000	313,103
Support services	42,891,911	--	42,891,911	38,947,500	38,947,500	(3,944,411)
Non-instructional programs	--	5,523,917	5,523,917	4,900,000	4,900,000	(623,917)
Other expenditures	18,808,212	--	18,808,212	14,641,013	19,491,013	682,801
Total expenditures/expenses	<u>141,525,020</u>	<u>5,523,917</u>	<u>147,048,937</u>	<u>138,626,513</u>	<u>143,476,513</u>	<u>(3,572,424)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	(5,485,409)	2,439	(5,482,970)	198,646	(4,651,354)	831,616
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issue	31,524,000	--	31,524,000	--	--	(31,524,000)
Payments to bond refunding escrow agent	963,374	--	963,374	--	--	(963,374)
Transfers in (out)	100,000	(100,000)	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES AND OTHER FINANCING SOURCES (USES)	27,101,965	(97,561)	27,004,404	198,646	(4,651,354)	(31,655,758)
BALANCES, Beginning of year	<u>25,432,091</u>	<u>1,027,438</u>	<u>26,459,529</u>	<u>26,459,529</u>	<u>26,459,529</u>	<u>--</u>
BALANCES, End of year	<u>\$ 52,534,056</u>	<u>929,877</u>	<u>53,463,933</u>	<u>26,658,175</u>	<u>21,808,175</u>	<u>(31,655,758)</u>

See accompanying independent auditor's report

Council Bluffs Community School District

Notes to Required Supplementary Information – Budgetary Reporting For the Year Ended June 30, 2019

This budgetary comparison schedule 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 internal service funds and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

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

During the year ended June 30, 2019, expenditures in the support services and non-instructional functions exceeded the amounts budgeted. The District did not exceed its General Fund unspent authorized budget.

Council Bluffs Community School District

Required Supplementary Information Schedule of the District's Proportionate Share of the Net Pension Liability June 30, 2019

Iowa Public Employee's Retirement System
Last Five Fiscal Years*
(In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.9255480%	0.9084950%	0.9045870%	0.8860090%	0.8331430%
District's proportionate share of the net pension liability	\$ 58,553	59,976	56,412	44,047	33,718
District's covered-employee payroll	\$ 74,377	68,935	66,214	61,892	548,074
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	78.72%	87.00%	85.20%	71.17%	61.52%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

* The amounts presented for each fiscal year were determined as of June 30

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten year trend is compiled, the District will present information for those years for which information is available.

See accompanying independent auditor's report

Council Bluffs Community School District

**Required Supplementary Information
Schedule of District Contributions
June 30, 2019**

Iowa Public Employee's Retirement System
Last Ten Fiscal Years
(In Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Statutorily required contribution	\$ 6,210	6,642	6,156	5,913	5,527	4,894	4,638	4,323	3,816	3,822
Contributions in relation to the statutorily required contribution	<u>(6,210)</u>	<u>(6,642)</u>	<u>(6,156)</u>	<u>(5,913)</u>	<u>(5,527)</u>	<u>(4,894)</u>	<u>(4,638)</u>	<u>(4,323)</u>	<u>(3,816)</u>	<u>(3,822)</u>
Contribution deficiency (excess)	\$ <u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
District's covered employee payroll	\$ 65,784	74,377	68,935	66,214	61,892	54,804	53,433	53,502	54,986	57,560
Contributions as a percentage of covered employee payroll	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.68%	8.08%	6.94%	6.64%

See accompanying independent auditor's report

Council Bluffs Community School District

Required Supplementary Information Notes to Required Supplementary Information – Pension Liability For the Year Ended June 30, 2019

Notes to Required Supplementary Information – Pension Liability

Changes of benefit terms

Legislation enacted in 2010 modified benefit terms for current 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.

Changes of assumptions

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

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

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

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

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

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.

Council Bluffs Community School District

Required Supplementary Information

Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes For the Year Ended June 30, 2019

	<u>2019</u>
Service cost	\$ 544,271
Interest cost	228,103
Changes in assumptions	(32,531)
Benefit payments	<u>(256,574)</u>
Net change in total OPEB liability	483,269
Total OPEB liability, beginning of year	<u>5,991,412</u>
Total OPEB liability, end of year	<u>\$ 6,474,681</u>
Covered employee payroll	\$ 68,000,000
Total OPEB liability as a percentage of covered employee payroll	9.52%

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

Changes in assumptions reflect the following changes:

- Discount rate was changed from 3.56% to 3.62% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including adjustment to reflect the impact of the Affordable Care Act's excise tax on high-cost health insurance plans.

Council Bluffs Community School District

**Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue		
	Student Activity Funds	Management Levy Fund	Total
ASSETS			
Cash, cash equivalents and pooled investments	\$ 479,978	2,174,273	2,654,251
Receivables:			
Property tax:			
Delinquent	--	17,354	17,354
Succeeding year	--	1,500,007	1,500,007
Accounts	3,678	--	3,678
Prepaid expenses	--	2,016	2,016
Total assets	<u>\$ 483,656</u>	<u>3,693,650</u>	<u>4,177,306</u>
LIABILITIES			
Accounts payable	\$ 32,212	7,242	39,454
Accrued expenses	3,555	--	3,555
Total liabilities	<u>35,767</u>	<u>7,242</u>	<u>43,009</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding year property tax	--	1,500,007	1,500,007
FUND BALANCES			
Restricted for:			
Management levy purposes	--	2,186,401	2,186,401
Student activities	447,889	--	447,889
Total fund balances	<u>447,889</u>	<u>2,186,401</u>	<u>2,634,290</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 483,656</u>	<u>3,693,650</u>	<u>4,177,306</u>

See accompanying independent auditor's report

Council Bluffs Community School District

**Supplementary Information
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances –
Nonmajor Governmental Funds
For the Year Ended June 30, 2019**

	Special Revenue		
	Student Activity Funds	Management Levy Fund	Total
REVENUES			
Local sources:			
Local tax	\$ --	1,274,854	1,274,854
Other	1,148,192	6,238	1,154,430
State sources	--	48,096	48,096
Total revenues	<u>1,148,192</u>	<u>1,329,188</u>	<u>2,477,380</u>
EXPENDITURES			
Current			
Instruction:			
Regular instruction	718	130,642	131,360
Other instruction	973,085	--	973,085
	<u>973,803</u>	<u>130,642</u>	<u>1,104,445</u>
Support services:			
Student services	--	21,450	21,450
Instructional staff services	10,029	7,150	17,179
Administration services	--	65,369	65,369
Operation and maintenance of plant services	--	1,094,748	1,094,748
Transportation services	4,380	--	4,380
	<u>14,409</u>	<u>1,188,717</u>	<u>1,203,126</u>
Total expenditures	<u>988,212</u>	<u>1,319,359</u>	<u>2,307,571</u>
CHANGE IN FUND BALANCES	159,980	9,829	169,809
FUND BALANCES, BEGINNING OF YEAR	<u>287,909</u>	<u>2,176,572</u>	<u>2,464,481</u>
FUND BALANCES, END OF YEAR	<u>\$ 447,889</u>	<u>2,186,401</u>	<u>2,634,290</u>

See accompanying independent auditor's report

Council Bluffs Community School District

**Supplementary Information
Combining Balance Sheet
Capital Projects Fund
June 30, 2019**

	Capital Projects			
	Statewide Sales, Services and Use Tax Fund	Physical Plant and Equipment Levy Fund	Middle School Remodel Fund	Total
ASSETS				
Cash, cash equivalents and pooled investments	\$ 4,539,771	2,784,211	--	7,323,982
Receivables				
Property tax:				
Delinquent	--	50,872	--	50,872
Succeeding year	--	3,941,244	--	3,941,244
Accounts	742,685	--	--	742,685
Investments	--	--	26,044,281	26,044,281
Total assets	<u>\$ 5,282,456</u>	<u>6,776,327</u>	<u>26,044,281</u>	<u>38,103,064</u>
LIABILITIES				
Accounts payable	\$ 347,233	199,022	1,702,962	2,249,217
Interfund loan payable	--	--	378,803	378,803
Total liabilities	<u>347,233</u>	<u>199,022</u>	<u>2,081,765</u>	<u>2,628,020</u>
DEFERRED INFLOWS OF RESOURCES				
Succeeding year property tax	--	3,941,244	--	3,941,244
FUND BALANCES				
Restricted for:				
School infrastructure	4,935,223	--	23,962,516	28,897,739
Physical plant and equipment	--	2,636,061	--	2,636,061
Total fund balances	<u>4,935,223</u>	<u>2,636,061</u>	<u>23,962,516</u>	<u>31,533,800</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,282,456</u>	<u>6,776,327</u>	<u>26,044,281</u>	<u>38,103,064</u>

See accompanying independent auditor's report

Council Bluffs Community School District

Supplementary Information Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Fund For the Year Ended June 30, 2019

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Middle School Remodel Fund	Total
REVENUES				
Local sources:				
Local tax	\$ 9,365,463	3,798,569	--	13,164,032
Other	635,145	190,694	44,281	870,120
State sources	--	135,852	--	135,852
Total revenues	<u>10,000,608</u>	<u>4,125,115</u>	<u>44,281</u>	<u>14,170,004</u>
EXPENDITURES				
Current				
Instruction:				
Regular instruction	<u>809,309</u>	<u>38,300</u>	<u>--</u>	<u>847,609</u>
Support services:				
Student services	--	--	10,426	10,426
Administration services	181,223	665,382	2,459,391	3,305,996
Operation and maintenance of plant services	36,897	952,460	57,077	1,046,434
Transportation services	--	898,052	--	898,052
	<u>218,120</u>	<u>2,515,894</u>	<u>2,526,894</u>	<u>5,260,908</u>
Other expenditures:				
Facilities acquisition	1,902,364	1,292,323	5,443,398	8,638,085
Bond amortization	--	--	310,835	310,835
	<u>1,902,364</u>	<u>1,292,323</u>	<u>5,754,233</u>	<u>8,948,920</u>
Total expenditures	<u>2,929,793</u>	<u>3,846,517</u>	<u>8,281,127</u>	<u>15,057,437</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,070,815</u>	<u>278,598</u>	<u>(8,236,846)</u>	<u>(887,433)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issue	4,024,000	--	27,500,000	31,524,000
Premium on bond issue	--	--	963,374	963,374
Transfers in (out), net	(10,373,460)	--	4,024,000	(6,349,460)
Total other financing sources and uses	<u>(6,349,460)</u>	<u>--</u>	<u>32,487,374</u>	<u>26,137,914</u>
CHANGE IN FUND BALANCES	721,355	278,598	24,250,528	25,250,481
FUND BALANCES, BEGINNING OF YEAR	<u>4,213,868</u>	<u>2,357,463</u>	<u>(288,012)</u>	<u>6,283,319</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,935,223</u>	<u>2,636,061</u>	<u>23,962,516</u>	<u>31,533,800</u>

See accompanying independent auditor's report

Council Bluffs Community School District

**Supplementary Information
 Schedule of Changes in Special Revenue Fund – Student Activity Funds
 For the Year Ended June 30, 2019**

	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Bloomer	\$ 3,071	328	787	2,612
Carter Lake	6,497	3,854	4,540	5,811
College View	4,991	--	--	4,991
Crescent	6,344	--	1,063	5,281
Edison	4,985	6,994	6,004	5,975
Franklin	1,892	2,276	1,171	2,997
Hoover	4,474	13,403	13,717	4,160
Lewis & Clark	10,138	1,674	4,934	6,878
Longfellow	1,682	957	1,975	664
Roosevelt	4,846	233	3,230	1,849
Rue	4,863	--	--	4,863
Kirn JHS	25,125	71,937	72,459	24,603
Woodrow Wilson JHS	62,560	95,888	94,084	64,364
Tucker Center	5,667	13,181	12,536	6,312
Thomas Jefferson SHS	(65,812)	483,851	397,473	20,566
Abraham Lincoln SHS	203,785	452,920	371,014	285,691
Kanesville AHS	2,801	696	3,225	272
	<u>\$ 287,909</u>	<u>1,148,192</u>	<u>988,212</u>	<u>447,889</u>

See accompanying independent auditor's report

Council Bluffs Community School District

**Supplementary Information
 Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds
 For the Year Ended June 30, 2019**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and cash equivalents	\$ 59,891	153,064	212,955	--
Due from other governments	44,803	32,594	--	77,397
Total assets	<u>\$ 104,694</u>	<u>153,064</u>	<u>212,955</u>	<u>77,397</u>
LIABILITIES				
Accounts payable	\$ 104,694	15,881	104,694	15,881
Interfund loan payable	--	137,183	75,667	61,516
Total liabilities	<u>\$ 104,694</u>	<u>153,064</u>	<u>180,361</u>	<u>77,397</u>

See accompanying independent auditor's report

Council Bluffs Community School District

Supplementary Information Schedule of Revenues by Source and Expenditures by Function All Governmental Funds For the Ten Year Ended June 30

	Modified Accrual Basis									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
REVENUES:										
Local sources:										
Local tax	\$ 46,774,297	44,323,678	43,801,727	43,238,410	44,181,757	42,564,152	42,421,544	45,325,106	44,479,263	39,049,297
Tuition	3,032,774	2,821,210	2,072,728	3,111,592	2,980,020	2,712,434	2,335,207	2,777,515	2,192,571	2,246,918
Other	5,139,171	6,222,710	8,272,191	11,536,471	4,606,014	5,651,958	5,236,703	6,556,766	4,786,297	4,254,559
State sources	73,899,808	73,715,542	71,137,987	68,460,009	64,465,411	59,383,774	57,386,553	55,525,497	54,955,848	47,060,916
Federal sources	7,193,561	6,937,113	6,334,306	5,345,763	5,209,908	5,954,736	5,772,683	7,369,888	6,702,964	10,344,768
Total revenues	<u>136,039,611</u>	<u>134,020,253</u>	<u>131,618,939</u>	<u>131,692,245</u>	<u>121,443,110</u>	<u>116,267,054</u>	<u>113,152,690</u>	<u>117,554,772</u>	<u>113,116,943</u>	<u>102,956,458</u>
EXPENDITURES:										
Instruction:										
Regular instruction	78,762,757	79,624,932	76,829,228	38,316,380	37,638,119	35,487,624	36,537,506	33,131,109	32,567,873	34,086,154
Special instruction	--	--	210,132	35,036,446	34,556,075	31,250,302	28,628,797	29,276,353	31,085,908	27,812,408
Other Instruction	1,062,140	1,032,203	984,951	3,424,823	3,854,800	3,503,366	3,842,876	3,887,216	4,500,693	4,737,108
Support services:										
Student services	5,273,415	4,772,703	4,567,443	4,525,022	2,590,784	3,104,599	2,881,955	2,829,534	2,542,273	2,558,412
Instructional staff services	4,990,387	5,001,210	4,758,274	4,766,189	5,643,280	2,379,699	2,393,281	3,463,196	1,363,587	1,991,979
Administration services	16,394,940	13,904,795	12,918,487	12,774,696	12,396,728	12,372,695	11,867,856	11,275,283	11,345,682	11,711,387
Operation and maintenance of plant	10,506,491	9,698,273	9,662,729	9,653,140	7,946,294	9,176,788	7,412,240	7,647,550	7,795,108	8,349,843
Transportation services	5,726,678	4,916,161	4,351,358	3,901,109	3,670,708	3,488,486	3,350,459	3,038,034	3,042,152	2,830,114
Non-instructional programs	--	--	--	--	--	--	--	--	--	--
Other expenditures:										
Facilities acquisition	8,638,085	3,440,995	6,222,821	14,441,067	10,029,827	3,583,145	8,227,957	12,168,670	39,262,078	24,107,373
Long-term debt:										
Principal	3,975,000	5,547,353	6,206,361	4,768,213	4,803,071	3,635,000	3,495,000	1,000,000	1,000,000	1,000,000
Interest and fiscal charges	1,854,780	1,827,941	1,890,080	2,793,246	2,926,614	2,919,818	2,976,221	2,813,716	1,947,050	475,576
AEA flowthrough	4,340,347	4,323,348	4,114,100	4,040,318	3,894,362	3,695,117	3,554,916	3,542,694	3,936,375	3,769,834
Total expenditures	<u>\$ 141,525,020</u>	<u>134,089,914</u>	<u>132,715,964</u>	<u>138,440,649</u>	<u>129,950,662</u>	<u>114,596,639</u>	<u>115,169,064</u>	<u>114,073,355</u>	<u>140,388,779</u>	<u>123,430,188</u>

See accompanying independent auditor's report

Council Bluffs Community School District

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through the State of Iowa Department of Education:			
Title I	84.010	S010A170015/S010A180015	\$ 2,187,669
Title I - carryover	84.010	S010A170015/S010A180015	314,357
Total Title I			<u>2,502,026</u>
Passed through the State of Iowa Department of Education:			
Vocational Education - Basic Grants to States	84.048	V048A170015/V048A180015	114,089
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		64,044
Education for Homeless Children and Youth	84.196	S196A170016/S196A180016	40,000
Twenty-First Century Community Learning Centers	84.287	S287C170015/S287C180015	1,073,487
Special Education - State Personnel Development Grants	84.323	H323A150009	4,563
Title III - English Language Acquisition State Grants	84.365	S365A170015/S365A180015	68,383
Title IIA - Federal Teacher Quality Program	84.367	S367A170014/S367A180014	341,773
Title IV - Student Support and Academic Enrichment Program	84.424	S424A170016/S424A180016	192,370
Total passed through the State of Iowa Department of Education			<u>1,898,709</u>
Passed through Green Hills Area Education Agency:			
IDEA, Part B	84.027	H027A180097	537,128
Total U.S. DEPARTMENT OF EDUCATION			<u>4,937,863</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the State of Iowa Department of Education:			
Child Nutrition Cluster			
National School Lunch Program	10.555		3,286,102
Food Distribution - Child Nutrition Act (non-cash)	10.555		394,817
Summer Food Service Program for Children	10.559		190,490
School Breakfast Program	10.553		1,184,591
Total Child Nutrition Cluster			<u>5,056,000</u>
Passed through the State of Iowa Department of Education:			
Fresh Fruit and Vegetable Program	10.582		182,761
Nutritional Education and Training Program	10.564		43,781
Total U.S. DEPARTMENT OF AGRICULTURE			<u>5,282,542</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,220,405</u>

The accompanying notes are an integral part of this schedule.

Council Bluffs Community School District

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements for 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 the District, it is not intended to and does not present the financial position or changes in net position of the District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**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
Council Bluffs Community School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 Council Bluffs Community School District (the District) as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 over financial reporting 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 the 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2019 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.

District's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SEIM JOHNSON, LLP

Omaha, Nebraska,
November 12, 2019.

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

To the Board of Education
Council Bluffs Community School District:

Report on Compliance for Each Major Federal Program

We have audited Council Bluffs Community School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 auditing standards generally accepted in the United States of America, 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 noncompliance 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 the 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 major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2019.

Report on Internal Control Over Compliance

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 that 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. 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.

SEIM JOHNSON, LLP

Omaha, Nebraska,
November 12, 2019.

Council Bluffs Community School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes x No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
10.559	National School Lunch Program
	Summer Food Service Program for Children

Dollar threshold used to distinguish between type A and type B programs _____ \$750,000

Auditee qualified as low-risk auditee? x Yes _____ No

II. FINANCIAL STATEMENT FINDINGS

None noted.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

Council Bluffs Community School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-19** Certified Budget – Expenditures for the year ended June 30, 2019 exceeded the amended certified budget amounts in the support services and non-instructional programs.
- Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion – Response Accepted.
- IV-B-19** Questionable Expenditures
- No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-19** 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-19** Business Transactions
- No business transactions between the District and District officials were noted.
- IV-E-19** Bond Coverage
- Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-19** Board Minutes
- No transactions were found that we believe should have been approved by the Board Minutes.
- IV-G-19** Certified Enrollment
- Comment – We noted a variance in the basic enrollment data certified to the Department of Education. The number of students reported on Line 1 as resident students was overstated by 4.0 students.
- Recommendation – The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Response – The District will contact the Iowa Department of Education and Department of Management to resolve this matter.
- Conclusion – Response accepted.
- IV-H-19** Supplemental Weighting
- No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

Council Bluffs Community School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

IV-I-19 Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-19 Certified Annual Report

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

IV-K-19 Categorical Funding

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

IV-L-19 Statewide Sales, Services and Use Tax

No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F 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, 2019, the following information includes the amounts the District reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2019 audit.

Beginning balance		\$	4,213,868
Revenues/transfers in:			
Sales tax revenues	\$	9,365,463	
General long-term debt proceeds		4,024,000	
Other local revenues		635,145	
			<u>14,024,608</u>
			18,238,476
Expenditures/transfers out:			
School infrastructure construction		2,929,793	
Transfer to the Capital Projects Fund		4,024,000	
Transfer to the Debt Service Fund		6,349,460	
			<u>13,303,253</u>
Ending balance		\$	<u><u>4,935,223</u></u>

For the year ended June 30, 2019, the District reduced the following levy as a result of the monies received under Chapter 423E or 423F of the Code of Iowa:

		Rate of Levy Reduction Per \$1,000 of Taxable Valuation		Property Tax Dollars Reduced
	\$		\$	
Ending balance	\$	2.96	\$	6,349,460

IV-M-19 Revenue Bonds

The District is in compliance with the provisions of the revenue bond resolution.

Council Bluffs Community School District

Audit Staff

For the Year Ended June 30, 2019

This audit was performed by:

Brian D. Green, FHFMA, CPA, Partner

Justin M. Hope, FHFMA, CPA, Senior Manager

Gavin D. Blum, Supervising Senior

Jason R. Rasmussen, Staff Auditor

Vanesa L. Salcido, Staff Auditor

Weston S. Shephard, Staff Auditor

APPENDIX E – FORM OF ISSUE PRICE CERTIFICATES

EXHIBIT A

COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT, IOWA \$9,500,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2020 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 (March 24, 2020), 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 Council Bluffs 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 March 24, 2020.
 - 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'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: May 1, 2020

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
COUNCIL BLUFFS COMMUNITY SCHOOL DISTRICT, IOWA \$9,500,000 GENERAL OBLIGATION SCHOOL BONDS,
SERIES 2020
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 March 24, 2020.
 - d. 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: May 1, 2020

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID