

\$10,000,000*
North Mahaska Community School District, Iowa
General Obligation School Bonds
Series 2020

(FAST Closing)

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

(Book Entry Only)

(PARITY© Bidding Available)

DATE: Tuesday, April 7, 2020
TIME: 10:00 AM
PLACE: Office of the Superintendent
2163 135th St.
New Sharon, IA 50207
Telephone: (641)637-4187
Fax: (641)637-4559

Standard & Poor's Rating: "A+"

* 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 North Mahaska Community School District, Iowa (the "Issuer")

Re: \$10,000,000* 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>
_____	_____	June 1, 2021	_____	_____	June 1, 2031
_____	_____	June 1, 2022	_____	_____	June 1, 2032
_____	_____	June 1, 2023	_____	_____	June 1, 2033
_____	_____	June 1, 2024	_____	_____	June 1, 2034
_____	_____	June 1, 2025	_____	_____	June 1, 2035
_____	_____	June 1, 2026	_____	_____	June 1, 2036
_____	_____	June 1, 2027	_____	_____	June 1, 2037
_____	_____	June 1, 2028	_____	_____	June 1, 2038
_____	_____	June 1, 2029	_____	_____	June 1, 2039
_____	_____	June 1, 2030	_____	_____	June 1, 2040

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

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

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 North Mahaska Community School District, in the Counties of Mahaska and Poweshiek, State of Iowa, this 7th day of April, 2020.

ATTEST: _____
 District Secretary

 Board President

* Preliminary, subject to change

NOTICE OF SALE

Time and Place of Sale: Sealed bids or electronic bids for the sale of General Obligation School Bonds, Series 2020, of the North Mahaska Community School District, in the Counties of Mahaska and Poweshiek, State of Iowa (the "Issuer"), will be received at the Office of the Superintendent until 10:00 A.M. on April 7, 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 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 \$10,000,000* to be dated the date of delivery (the "Bonds").

*Subject to principal adjustment per the Terms of Offering.

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 Office of the Superintendent, North Mahaska Community School District, New Sharon, Iowa.
- Electronic Bidding: Electronic bids via PARITY® will be received at the Office of the Superintendent, North Mahaska Community School District, New Sharon, Iowa. The bids must be submitted through PARITY®.
- Electronic Facsimile Bidding: Electronic facsimile bids will be received at the Office of the Superintendent, North Mahaska Community School District, New Sharon, Iowa, 641-637-4559. 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, North Mahaska Community School District, 2163 - 135th Street, New Sharon, Iowa 50207; Telephone: 641-637-4187; or Matt Gillaspie, Piper Sandler Companies, 3900 Ingersoll, Suite 110, Des Moines, Iowa 50312; Telephone: 515-247-2353.

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 North Mahaska Community School District in the Counties of Mahaska and Poweshiek, State of Iowa.

Secretary of the Board of Directors of the
North Mahaska 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 \$10,000,000* dated the date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement.

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

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

Optional Redemption: The Bonds maturing after June 1, 2026, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on said Bonds will be payable on December 1, 2020 and semiannually on the 1st day of June and December 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 \$100,000* 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 98.6% 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, North Mahaska Community School District, 2163 135th St., New Sharon, IA 50207.

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

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

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

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

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

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

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

Establishment of Issue Price:

(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 Appendix E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel.

(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:

- the Issuer shall disseminate this Official Terms of Offering to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- all bidders shall have an equal opportunity to bid;
- 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
- 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.

Paragraphs (c) through (g) below shall apply only in the event that the competitive sale requirements are not satisfied.

(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 (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). 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 (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) 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 shall promptly advise the Issuer when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds to which the 10% test is to be applied, 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 the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(f) The Issuer acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Issuer further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public,

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

(h) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Terms of Offering. Further, for purposes of this Official Terms of Offering:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the Issuer to the winning bidder.

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

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

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

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 23, 2020

NEW ISSUE - DTC BOOK ENTRY ONLY

Rating: "A+"

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

\$10,000,000*
North Mahaska 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 June 1, and December 1 in each year, beginning December 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 maturing after June 1, 2026 may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

MATURITY SCHEDULE

Table with 10 columns: Bonds Due, Amount*, Rate *, Yield *, Cusip #'s **, Bonds Due, Amount*, Rate *, Yield *, Cusip #'s **. Rows list maturity dates from June 1, 2021 to June 1, 2030 with corresponding amounts and CUSIP numbers.

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

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about June 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 ISSUER DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

OFFICIAL STATEMENT
NORTH MAHASKA COMMUNITY SCHOOL DISTRICT, IOWA
\$10,000,000* GENERAL OBLIGATION SCHOOL BONDS, SERIES 2020

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the North Mahaska 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 to i) build, furnish, and equip additions to and remodel, repair, furnish, equip, and improve existing K-12 building and site, including HVAC, safety and security improvements and related site improvements, 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 all taxable real property located in the territory of the Issuer. See “**THE BONDS – Source of Security for the Bonds**” herein.

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

THE BONDS

General

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on December 1, 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.

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 taken certain steps to augment transmission to them notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit have agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial owners may wish to provide their names and addresses to the registrar and request that copies of the notices 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 maturing after June 1, 2026, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

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

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

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

(maturity)

Selection of Bonds for Redemption Bonds subject to redemption will be selected in such order of maturity as the Issuer may direct. If less than all of the Bonds of a single maturity are to be redeemed, the Issuer will notify DTC of the particular amount

of such maturity to be redeemed prior to maturity. DTC will determine by lot the amount of each Participant's interest in such maturity to be redeemed and each Participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

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

Source of Security for the Bonds

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 property located in the territory of the Issuer.

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 taxable real property located in the territory of the Issuer. As part of the budgetary process of the Issuer each fiscal year the Issuer will have an obligation to request a debt service levy to be applied against all of the property located in the territory of the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service on the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the 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

The Issuer reported a liability of \$3,190,199 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 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 Issuer’s proportion of the net pension liability was based on the Issuer’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. As of June 30, 2018, the Issuer’s collective proportion was .050428%, which was an increase of 0.000752% from its proportion measured June 30, 2017. See Issuer’s Audited Financial Statements, Appendix D, for additional information.

Rating

Standard & Poor’s Corporation (the “Rating Agency”) has assigned a rating of “A+” to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of the Rating Agency, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

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

Forward-Looking Statements

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

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.

Potential Impact of the Coronavirus

In recent months, a strain of coronavirus commonly known as COVID-19 has spread globally, negatively affecting global, state, and local economies and possibly sparking a recession. Federal, State, and local officials are taking steps to curb the spread of the virus, including providing both discretionary and mandatory guidelines and orders regarding public gatherings, and imposing mandatory closings of some businesses. The State of Iowa may suffer material adverse consequences from the continued spread of COVID-19, which could affect the amount of State revenues appropriated to municipalities, including the Issuer. The spread of the virus could reduce sales tax and other collections dependent on local business activity, which is likely to be slower, although the Issuer does not currently anticipate a material effect on the extension and collection of property taxes. At this time, however, it is not possible to predict the full impact on the Issuer and its finances.

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.

Redemption Prior to Maturity

In considering whether the Bonds might be redeemed prior to maturity, Bondholders should consider the information included in this Official Statement under the heading "THE BONDS." Furthermore, the Bonds are subject to optional and mandatory redemption as set forth herein. See "THE BONDS" herein.

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 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 Issuer's Facilities

Although the Issuer maintains certain kinds of insurance, there can be no assurance that the Issuer will not suffer uninsured losses in the event of damage to or destruction of the Issuer's facilities, 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 Issuer encounters litigation occasionally, as a course of business, however, no litigation currently exists that is not believed to be covered by current insurance carriers and no litigation has been proposed that questions the validity of these bonds.

ACCOUNTANT

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

UNDERWRITING

The Bonds are being purchased, subject to certain conditions, by ____ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds at an aggregate purchase price of \$_____ plus accrued interest to the Closing Date.

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

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

THE PROJECT

The Bonds are being issued to provide funds to i) build, furnish, and equip additions to and remodel, repair, furnish, equip, and improve existing K-12 building and site, including HVAC, safety and security improvements and related site improvements, 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 MATTERS

Tax Exemption

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

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

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

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

Qualified Tax Exemption Obligations

The Bonds will be designated as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

Discount and Premium Bonds

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

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

Other Tax Advice

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

Audits

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

Reporting and Withholding

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

Tax Legislation

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

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

The Opinion

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

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

Enforcement

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

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

Bond Counsel Review

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

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

FINANCIAL ADVISOR

The Issuer has retained Piper 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.

The Issuer provides the following information in accordance with the reporting requirements of paragraph (f)(3) of the Rule. Anticipating that its FY2016 audit would not be finalized before the January 26, 2017 filing deadline, the Issuer placed on file with EMMA unaudited financial statements certified to the Iowa Department of Education which contain financial information as found in the audit, but which may not be in a format similar to the audit. The FY2016 audit became available on March 21, 2017, but it was not filed on EMMA until March 27, 2017. The District does not consider this to be a material violation of its continuing disclosure obligations.

I have reviewed the information contained within the Official Statement of the North Mahaska 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 \$10,000,000* General Obligation School Bonds, Series 2020.

NORTH MAHASKA COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Cindy Quang
Board Secretary

* Preliminary, subject to change

APPENDIX A - INFORMATION ABOUT THE ISSUER

**NORTH MAHASKA COMMUNITY SCHOOL DISTRICT, IOWA
DISTRICT OFFICIALS**

PRESIDENT	Dirk Wilkin
BOARD MEMBERS	Arvin DeBoef, Vice President Michelle Sampson Keith Foster Margaret Ratcliff
SUPERINTENDENT	Angela Livezey
DISTRICT SECRETARY	Cindy Quang
DISTRICT TREASURER	Cindy Quang
DISTRICT ATTORNEY	Ahlers & Cooney, P.C. Des Moines, Iowa

CONSULTANTS

BOND COUNSEL	Ahlers & Cooney, P.C. Des Moines, Iowa
DISCLOSURE 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 North Mahaska Community School District (186 sq. miles) is located in Mahaska County in east central Iowa. The Issuer includes portions of the Cities of New Sharon and Barnes City, as well as unincorporated land in Mahaska and Poweshiek Counties.

Issuer Facilities

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

<u>Building</u>	<u>Construction Date</u>	<u>Grades Served</u>
Jr/ Sr. High School	1966	7-12
Elementary	1999	PK-6
Preschool/Daycare	2009	
Bus Barn	2005	

Source: the Issuer

Enrollment

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

<u>Count Date</u>	<u>Fiscal Year effective</u>	<u>Certified (Resident) (1)</u>	<u>Open Enroll In</u>	<u>Open Enroll Out</u>	<u>Total Served (2)</u>
October-19	2020-21	488.7	117.8	28.0	578.5
October-18	2019-20	450.1	113.1	25.2	538.0
October-17	2018-19	468.3	91.3	26.6	533.0
October-16	2017-18	509.5	75.2	26.6	558.1
October-15	2016-17	486.8	62.8	26.4	523.2

Source: Department of Education

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

Staff

Presented below is a list of the Issuer's 89 employees.

Administrators:	4	Media Specialists:	1
Teachers:	44	Nurses:	1
Teacher Aides:	18	Guidance:	2
Custodians:	3	Secretaries:	3
Food Service:	7	Transportation:	5
Other:	0	Maintenance:	1

Source: the Issuer

Other Post-Employment Benefits (OPEB)

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	2
<u>Active employees</u>	<u>68</u>
Total	70

Total OPEB Liability – The Issuer’s total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date, to be \$383,176.

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

Rate of inflation (effective 6/30/19)	2.00%
Rates of salary increase (effective 6/30/19) including inflation	3.50%
Discount rate (effective 6/30/19) including inflation	3.87%
Healthcare cost trend rate (effective 6/30/19)	5.50% initial rate decreasing by 0.10% annually to an ultimate rate of 4.90%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2014 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

Changes in the Total OPEB Liability:

Total OPEB obligation – beginning of year		\$261,285
Changes for the year		
	Service Cost	39,222
	Interest	14,467
	Difference between expected & actual experiences	0
	Change in assumption	21,590
	Benefit Payments	(53,388)
<hr/>		
Net Changes		21,891
Net OPEB obligation – end of year		\$383,176

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.50% in fiscal year 2019.

Source: the Issuer’s Independent Audited Financial Statement

Employee Pension Plan

The Issuer participates in the Iowa Public Employees’ Retirement System (“IPERS”). A summary descript of the IPERS plan follows. For more detail, see “APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER.

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.

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 actuarial contribution rates. Due to this statutory limitation on rate increases, there is no guarantee 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	\$298,652	8.93	\$198,987	5.95
2016	271,297	8.93	180,764	5.95
2017	333,722	8.93	218,659	5.95
2018	335,379	8.93	241,086	5.95
2019	348,098	9.44	227,155	6.29

SOURCE: The Issuer

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 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	79.27
2019	33,324,327,606	34,010,680,731	39,801,338,797	6,477,011,191	83.73	5,790,658,066	85.45	8,151,043,468	71.04

Source: IPERS Actuarial Reports

For a description of the assumptions used when calculating the funding status of IPERS for the fiscal year noted herein, see IPERS 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 %
2015	3.96
2016	2.15
2017	11.70
2018	7.97
2019	8.35

Net Pension Liabilities.

At June 30, 2019, the Issuer reported a liability of \$3,190,199 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. However, the information presented in such reports or on such website is not incorporated into this Official Statement by any reference.

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

Investment of Public Funds

The Issuer invests its funds pursuant to Chapter 12B of the Code. Presented below is the Issuer's investing activities as of January 31, 2020.

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	\$850,050.94
Local Bank Deposit Accounts	0.00
Local Bank Time CD's	0.00
ISJIT Money Market	3,392,698.08
ISJIT Time CD's	0

Source: the Issuer

Population

Presented below are population figures as officially reported by the U.S. Census for the periods indicated for the cities of New Sharon and Barnes City.

<u>Year</u>	<u>New Sharon</u>	<u>Barnes City</u>
2010	1293	176
2000	1301	201
1990	1136	221
1980	1225	266
1970	944	238

Source: U.S. Census Bureau

Major Employers

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

<u>Employer</u>	<u>Business</u>	<u>Approximate Employees</u>
North Mahaska CSD	Education	89
Proline Building Company	Prefab buildings	50-99
DeJong Manufacturing	Machine shop	50-99
Pella Windows and Doors	Windows	50-99
Kent Precision Foods	Food products	20-49
Barnes City Telephone	Telephone company	20-49
Prairie Knolls	Golf course	10-19
Beyond Elegance by Diana	Rental service	10-19
Key Cooperative	Gas, liquefied petroleum	10-19
McGriffs of New Sharon	Farm Equipment	10-19

Presented below is a summary of some of the largest employers within easy commuting distance to the Issuer:

<u>Employer</u>	<u>Business</u>	<u>Location</u>	<u>Approximate Employees</u>
Pella Corporation	Window and door manufacturer	Pella	1000-4999
Vermeer Manufacturer	Farm machinery manufacturer	Pella	250-499
Grinnell College	Education	Grinnell	500-999
Grinnell Mutual Insurance	Insurance	Grinnell	500-999
Grinnell Regional Medical Center	Healthcare	Grinnell	250-499
Montezuma Manufacturing	Automotive stampings	Montezuma	250-499
Physician's Clinic	Healthcare	Oskaloosa	500-999
Musco	Lighting equipment	Oskaloosa	250-499
Clow Value	Industrial values	Oskaloosa	250-499

Source: Iowa Workforce Development/employer database

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	82.5000
2015-16	55.7335	44.7021	90.0000	86.2500

Source: Iowa Department of Revenue

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

Property Valuations

Actual Valuation						
Valuation as of January	2019	2018	2017	2016	2015	2014
Fiscal Year	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Residential:	118,699,550	111,830,020	110,317,850	106,428,850	104,926,540	103,833,710
Agricultural Land:	138,851,480	212,363,750	212,642,200	238,085,361	238,394,351	238,666,461
Ag Buildings:	6,594,270	11,138,250	10,774,720	21,571,060	20,079,640	18,501,660
Commercial:	6,834,690	6,453,590	6,279,720	5,774,170	5,916,230	6,596,720
Industrial:	7,938,445	7,708,490	7,675,680	7,675,680	7,565,420	7,565,420
Multiresidential:	864,034	860,603	759,744	759,744	759,744	
Personal RE:	0	0	0			0
Railroads:	14,402,348	13,017,058	12,135,057	12,197,420	10,056,039	8,744,728
Utilities:	39,136,152	31,842,529	2,753,533	2,670,343	2,768,787	3,081,461
Other:	0	0	0	0	0	0
Total Valuation:	333,320,969	395,214,290	363,338,504	395,162,628	390,466,751	386,990,160
Less Military:	216,684	225,944	242,612	244,464	250,020	259,280
Net Valuation:	333,104,285	394,988,346	363,095,892	394,918,164	390,216,731	386,730,880
TIF Valuation:	12,209,636	0	0	0	0	0
Utility Replacement:	52,103,418	50,980,484	43,722,123	41,569,615	39,682,171	36,498,930
Taxable Valuation						
Valuation as of January	2019	2018	2017	2016	2015	2014
Fiscal Year	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Residential:	65,372,972	63,651,434	61,359,795	60,599,616	58,366,323	57,870,149
Agricultural Land:	113,140,648	119,204,869	115,779,444	113,089,554	109,916,004	106,688,919
Ag Buildings:	5,373,223	6,252,181	5,866,621	10,246,126	9,258,075	8,270,625
Commercial:	6,151,221	5,808,231	5,651,748	5,196,753	5,324,607	5,937,048
Industrial:	7,144,601	6,937,641	6,908,112	6,908,112	6,808,878	6,808,878
Multiresidential:	615,627	645,456	598,301	626,790	655,281	
Personal RE:	0	0	0			0
Railroads:	12,962,113	11,715,352	10,921,552	10,977,678	9,050,435	7,870,256
Utilities:	39,136,152	31,842,529	2,753,533	2,670,343	2,768,787	3,081,461
Other:	0	0	0	0	0	0
Total Valuation:	249,896,557	246,057,693	209,839,106	210,314,972	202,148,390	196,527,336
Less Military:	216,684	225,944	242,612	244,464	250,020	259,280
Net Valuation:	249,679,873	245,831,749	209,596,494	210,070,508	201,898,370	196,268,056
TIF Valuation:	10,988,656	0	0	0	0	0
Utility Replacement:	17,338,083	18,184,406	18,436,857	18,451,888	19,826,659	20,006,970

Valuation	Actual Valuation	% Change in Actual Valuation	Taxable Valuation w/ Utilities	% Change in Taxable Valuation
2019	397,417,339	-10.89%	278,006,612	5.30%
2018	445,968,830	9.62%	264,016,155	15.78%
2017	406,818,015	-6.80%	228,033,351	-0.21%
2016	436,487,779	1.53%	228,522,396	3.07%
2015	429,898,902	1.58%	221,725,029	2.52%
2014	423,229,810	1.80%	216,275,026	2.27%

Source: Iowa Department of Management

Tax Rates

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

Fiscal Year	Operating	Management	Board PPEL	V PPEL	Playground	Debt	Schoolhouse	Total Levy
2020	9.14868	3.15787	0.33000	0.00000	0.00000	0.00000	0.00000	12.63655
2019	11.41941	0.94000	0.33000	0.00000	0.00000	0.00000	0.00000	12.68941
2018	10.46129	0.94000	0.33000	0.00000	0.00000	0.00000	0.00000	11.73129
2017	10.22784	1.06000	0.33000	0.00000	0.00000	0.00000	0.00000	11.61784
2016	10.58138	1.02000	0.33000	0.00000	0.00000	0.00000	0.00000	11.93138
2015	11.54849	0.90000	0.33000	0.00000	0.00000	0.00000	0.00000	12.77849

Source: Iowa Department of Management

Historic Tax Rates

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

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2020	11.81391	12.63655	0.99340	0.00280	0.23120	0.21228	2.25000	6.02511	0.00000	34.16525
2019	9.14171	12.68941	0.95940	0.00290	0.28728	0.22435	2.25000	5.73980	0.00000	31.29485
2018	9.11147	11.73129	0.95947	0.00310	0.26880	0.22461	2.25000	5.55982	0.00000	30.10856
2017	8.93056	11.61784	0.94358	0.00330	0.41239	0.22563	2.25000	5.34855	0.00000	29.73185
2016	8.89516	11.93138	0.94340	0.00330	0.43064	0.21437	1.82162	4.28287	0.00000	28.52274
2015	9.18493	12.77849	0.94849	0.00330	0.37394	0.21271	1.85706	3.55486	0.00000	28.91378

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

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2020	11.29527	12.63655	0.99340	0.00280	0.23120	0.21228	2.25000	6.02511	0.00000	33.64661
2019	11.29542	12.68941	0.95940	0.00290	0.28728	0.22435	2.25000	5.73980	0.00000	33.44856
2018	11.02074	11.73129	0.95947	0.00310	0.26880	0.22461	2.25000	5.55982	0.00000	32.01783
2017	11.14989	11.61784	0.94358	0.00330	0.41239	0.22563	2.25000	5.34855	0.00000	31.95118
2016	8.87832	11.93138	0.94340	0.00330	0.43064	0.21437	1.82162	4.28287	0.00000	28.50590
2015	8.89191	12.77849	0.94849	0.00330	0.37394	0.21271	1.85706	3.55486	0.00000	28.62076

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	3,336,253	In Collection	NA
2019	2,893,609	2,891,605	99.93%
2018	2,680,862	2,681,663	100.03%
2017	2,575,966	2,572,576	99.87%
2016	2,580,460	2,577,634	99.89%
2015	2,702,311	2,703,727	100.05%

Source: the Issuer

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 Issuer. The Issuer's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the Issuer 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>
Dakota Access LLC	\$36,692,396	13.20%
Mid American Energy	\$13,329,923	4.79%
Union Pacific Railroad Company	\$12,962,112	4.66%
Mid American Energy Company	\$11,225,145	4.04%
Interstate Power and Light Co	\$3,829,738	1.38%
DeJong, Bonnie L Trust	\$2,957,432	1.06%
Sully Cooperative Exchange	\$2,862,909	1.03%
Mahaska Pork LP	\$1,436,976	0.52%
Graneva Inc	\$1,394,761	0.50%
Johnson, Blanche Trust	\$1,162,695	0.42%
	Total	31.60%

Source: County Auditor Office

(1) Utility Property Tax Replacement

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

The utility replacement tax statute states that the utility replacement tax collected by the State and allocated among local taxing cities (including the Issuer) shall be treated as property tax when received and shall be disposed of by the county treasurer as taxes on real estate. However, utility property is not subject to the levy of property tax by political subdivisions, only the utility replacement tax and statewide property tax. It is possible that the Issuer's authority to levy taxes to pay principal and interest on the Bonds could be adjudicated to be proportionately reduced in future years if the utility replacement tax were to be other than "taxable property" for purposes of computing the Issuer's levy limit under Iowa Code Section 298.18, as amended from time to time. There can be no assurance that future legislation will not (i) operate to reduce the amount of debt the Issuer can issue or (ii) adversely affect the Issuer's ability to levy taxes in the future for the payment of the principal of and interest on its outstanding debt obligations, including the Bonds.

Direct Debt

General Obligation School Bonds (Debt Service)

Presented below is the principal and interest on the Issuer's outstanding general obligation bonds, presented by fiscal year and issue:

<u>Fiscal Year</u>	<u>6/1/20</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&I</u>
2020		0	0	0
2021	350,000	350,000	400,000	750,000
2022	360,000	360,000	386,000	746,000
2023	375,000	375,000	371,600	746,600
2024	375,000	375,000	356,600	731,600
2025	390,000	390,000	341,600	731,600
2026	410,000	410,000	326,000	736,000
2027	420,000	420,000	309,600	729,600
2028	440,000	440,000	292,800	732,800
2029	455,000	455,000	275,200	730,200
2030	475,000	475,000	257,000	732,000
2031	495,000	495,000	238,000	733,000
2032	515,000	515,000	218,200	733,200
2033	535,000	535,000	197,600	732,600
2034	560,000	560,000	176,200	736,200
2035	580,000	580,000	153,800	733,800
2036	605,000	605,000	130,600	735,600
2037	630,000	630,000	106,400	736,400
2038	650,000	650,000	81,200	731,200
2039	675,000	675,000	55,200	730,200
2040	705,000	705,000	28,200	733,200
Totals:	10,000,000	10,000,000	4,701,800	14,701,800

Source: the Issuer

General Obligation School Capital Loan Notes (PPEL)

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

Anticipatory Warrants

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

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>5/3/16</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&I</u>
2020	255,000	255,000	69,091	324,091
2021	260,000	260,000	62,920	322,920
2022	265,000	265,000	56,628	321,628
2023	275,000	275,000	50,215	325,215
2024	280,000	280,000	43,560	323,560
2025	290,000	290,000	36,784	326,784
2026	295,000	295,000	29,766	324,766
2027	305,000	305,000	22,627	327,627
2028	310,000	310,000	15,246	325,246
2029	320,000	320,000	7,744	327,744
Totals:	2,855,000	2,855,000	394,581	3,249,581

Source: the Issuer

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 Issuer's debt limit, based upon said valuation, amounts to the following:

1/1/2018 Actual Valuation:	445,968,830
X	0.05
<hr/> Statutory Debt Limit:	<hr/> 22,298,442
Total General Obligation Debt:	10,000,000
Total Lease Purchases:	
Total Loan Agreements:	
Capital Leases:	
<hr/> Total Debt Subject to Limit:	<hr/> 10,000,000
Percentage of Debt Limit Obligated:	44.85%

It has not been determined whether the Issuer'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 \$2,855,000* to be \$12,855,000*, or 57.65% * of the statutory debt limit.

* Preliminary, subject to change

Source: Iowa Department of Management

(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.

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

Overlapping & Underlying Debt

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

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2018 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City of Barnes City	\$0	3,366,240	\$3,366,240	100.00%	\$0
City of New Sharon	0	30,323,568	\$30,323,568	100.00%	0
Mahaska County	8,890,000	1,200,446,073	\$251,831,181	20.98%	1,864,956
Poweshiek County	5,355,000	1,279,003,708	\$12,184,974	0.95%	51,017
Indian Hills Community College	5,080,000	6,295,601,012	264,016,155	4.19%	213,038
Great Prairie Area Education Agency	0	10,867,405,451	264,016,155	2.43%	0

Total Overlapping & Underlying Debt: \$2,129,011

Source: Iowa Department of Management

FINANCIAL SUMMARY

Actual Value of Property, 2018:	\$445,968,830
Taxable Value of Property, 2018:	264,016,155
Direct General Obligation Debt:	\$10,000,000
Overlapping Debt:	2,129,011
Direct & Overlapping General Obligation Debt:	\$12,129,011
Population, 2010 US Census:	2,945
Direct Debt per Capita:	\$3,395.59
Total Debt per Capita:	\$4,118.51
Direct Debt to Taxable Valuation:	3.79%
Total Debt to Taxable Valuation:	4.59%
Direct Debt to Actual Valuation:	2.24%
Total Debt to Actual Valuation:	2.72%
Actual Valuation per Capita:	\$151,433
Taxable Valuation per Capita:	\$89,649

Source: Iowa Department of Management

APPENDIX B – FORM OF LEGAL OPINION

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the North Mahaska Community School District in the Counties of Mahaska and Poweshiek, 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 the date of delivery, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$_____ (the "Bonds").

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

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

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

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

The Issuer has designated the Bonds "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

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

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

AHLERS & COONEY, P.C.

APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

DRAFT

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the North Mahaska Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$ _____ General Obligation School Bonds, Series 2020 (the "Bonds"), dated the date of delivery. The Bonds are being issued pursuant to a Resolution of the Issuer approved on April 20, 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 (presently June 30th), 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 captions "Investment of Public Funds," "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. Additional Filing. The Issuer's audited financial statements for fiscal year ending June 30, 2019, were not available for inclusion in the Final Official Statement. The Issuer agrees to file these audited financial statements in the same manner as the Annual Financial Information when they become available.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate with respect to each Series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds of that Series or upon the Issuer's receipt of an opinion of nationally recognized bond counsel to the effect that, because of legislative action or final judicial action or administrative actions or proceedings, the failure of the Issuer to comply with the terms hereof will not cause Participating Underwriters to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended.

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information filing or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Financial Information filing or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information filing or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default hereunder and are hereby waived to the extent permitted by law. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Rescission Rights. The Issuer hereby reserves the right to rescind this Disclosure Certificate without the consent of the Holders in the event the Rule is repealed by the S.E.C. or is ruled invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of the Rule, the Issuer hereby reserves the right to rescind those provisions of this Disclosure Certificate that were required by those parts of the Rule that are so repealed or invalidated.

Date: Date of Delivery

NORTH MAHASKA COMMUNITY SCHOOL
DISTRICT, STATE OF IOWA

By: _____
President of the Board of Directors

ATTEST:

By: _____
Secretary of the Board of Directors

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF
FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: North Mahaska Community School District, Iowa.

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

Dated Date of Issue: Date of Delivery

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

Dated: _____ day of _____, 20__.

NORTH MAHASKA 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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NORTH MAHASKA COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
June 30, 2019**

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**North Mahaska Community School District
Board of Education and School District Officials
Year ended June 30, 2019**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Dirk Wilkin	President	2019
Arvin De Boef	Vice President	2021
Keith Foster	Board Member	2019
Sherrill Strobel	Board Member	2019
Margaret Ratcliff	Board Member	2021
School District Officials		
Angela Livezey	Superintendent	2019
Cindy Quang	District Secretary/Treasurer	2019
Andrew Bracken	Attorney	Indefinite



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

Independent Auditor's Report

To the Board of Education
North Mahaska Community School District
New Sharon, Iowa

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 the North Mahaska Community School District, New Sharon, Iowa, 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 listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the North Mahaska Community School District as of June 30, 2019, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes on pages 5 through 12 and 41 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Mahaska Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated March 6, 2020, on our consideration of the North Mahaska Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely 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 North Mahaska Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

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

March 6, 2020

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

This section of the North Mahaska Community School District's financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2019. The analysis focuses on school district financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

2019 Financial Highlights

- The General Fund June 30, 2019 fund balance increased to \$2,260,198 from the June 30, 2018 fund balance of \$1,539,081. The net change in fund balance was \$721,117. The reason for the increase in fund balance was due to the increase in open enrollment into North Mahaska. There was an increase of 21.80 open enrolled students which amounted to \$146,845 increase in tuition revenue. Another increase in fund balance was the increase in state aid and maintaining the expenditures the same as FY18. Overall, a very healthy general fund balance.
- The District's tax levy has decreased from \$12.70 in 2018-19 to \$12.64 in 2019-20 because North Mahaska was not able to levy for many cash reserves for FY20. The district has a big carryover fund balance from FY19. The district carryover balance at the end of June 30, 2019 was because the district cut expenses to prepare for the drop in resident enrollment. The district's tax levy remained low compared to many districts in Iowa.
- The capital projects funds were used to help purchase HVAC equipment for the elementary office, computer technology equipment, building maintenance and outdoor grounds maintenance.
- To avoid an increase to the tax rates the district bonded against the one cent local option sales tax (SILO) for the 2016 construction project to renovate high school office, science rooms, media center, family consumer science room and an all-weather track. By bonding against the SILO fund the district did not have a debt levy. A payment of \$322,116 was paid in the fiscal year ending June 30, 2019. Also, the school entered into a 4-year agreement in FY17 for a 1:1 computer lease. A payment of \$71,503.37 was paid in the fiscal year ending June 30, 2019 with the SILO funds.

Using This Annual Report

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements (district-wide and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The statement of net position and statement of activities provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long- term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

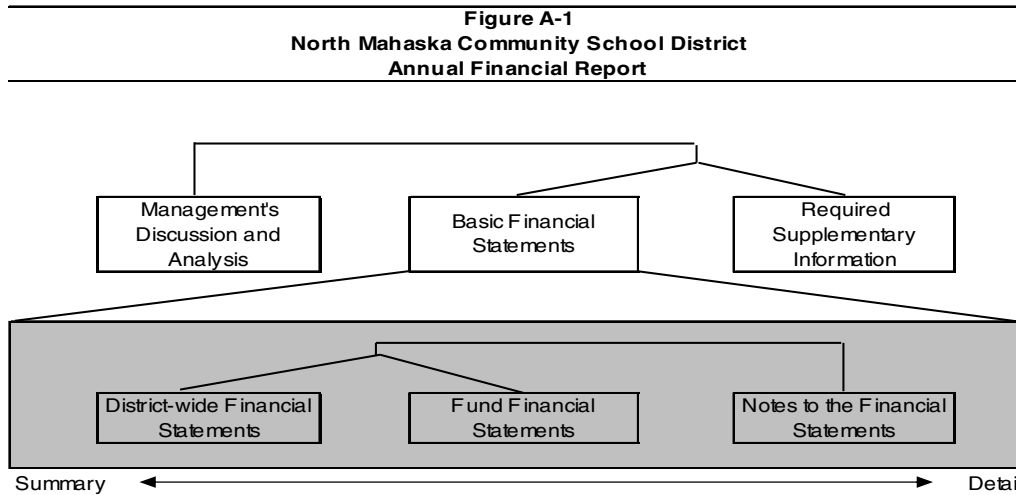


Figure A-2 summarizes the major features of the District's financial statements, including a portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the District-Wide and Fund Financial Statements

	District-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	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required Financial Statements	> Statement of Net Position > Statement of activities	> Balance Sheet > Statement of revenues, expenditures, and changes in fund balances	> Statement of Net Position > Statement of revenues, expenses and changes in fund Net Position > Statement of cash flows	>Statement of fiduciary Net Position >Statement of changes in fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow / inflow information	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of fund balance that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period	Consumption / acquisition of net position that is applicable to a future reporting period
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Reporting the District's Financial Activities

Government-Wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those provided by private sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is one way to measure the District's overall financial position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the District-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 taxes and state aid finance most of these activities.
- **Business-type activities:** The District charges fees to help it cover the costs of certain services it provides. The District's food service 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 repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **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 District-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. Internal service funds, (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities.
- **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

- Private-Purpose Trust Fund – The District accounts for outside donations for Scholarships for individual students in this fund.
- Agency Funds: These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for the District employee purchases. The District has only one Agency Fund which holds the employee funds contributed by employees through payroll for use in the medical and dependent care flexible spending program.

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

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

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

Government-wide Financial Analysis

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 Condensed Statement of Net Position							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2019	2018	2019	2018	2019	2018	2018-2019
Current and other assets	\$ 8,585,222	7,201,945	58,154	38,182	8,643,376	7,240,127	19.4%
Capital assets	8,588,359	8,891,365	18,805	20,310	8,607,164	8,911,675	-3.4%
Total assets	<u>17,173,581</u>	<u>16,093,310</u>	<u>76,959</u>	<u>58,492</u>	<u>17,250,540</u>	<u>16,151,802</u>	<u>6.8%</u>
Deferred outflows of resources	<u>1,415,257</u>	<u>1,779,988</u>	<u>39,072</u>	<u>48,561</u>	<u>1,454,329</u>	<u>1,828,549</u>	-20.5%
Long-term liabilities	6,687,609	7,105,134	109,021	109,873	6,796,630	7,215,007	-5.8%
Other liabilities	<u>937,612</u>	<u>917,845</u>	<u>1,820</u>	<u>7,256</u>	<u>939,432</u>	<u>925,101</u>	1.5%
Total liabilities	<u>7,625,221</u>	<u>8,022,979</u>	<u>110,841</u>	<u>117,129</u>	<u>7,736,062</u>	<u>8,140,108</u>	-5.0%
Deferred inflows of resources	<u>4,075,286</u>	<u>3,829,348</u>	<u>18,821</u>	<u>23,425</u>	<u>4,094,107</u>	<u>3,852,773</u>	6.3%
Net Position:							
Invested in capital assets, net of related debt	5,410,104	5,401,606	18,805	20,310	5,428,909	5,421,916	0.1%
Restricted	2,201,834	1,949,692	-	-	2,201,834	1,949,692	12.9%
Unrestricted	<u>(724,587)</u>	<u>(1,330,327)</u>	<u>(32,436)</u>	<u>(53,811)</u>	<u>(757,023)</u>	<u>(1,384,138)</u>	-45.3%
Total Net Position	<u>\$ 6,887,351</u>	<u>6,020,971</u>	<u>(13,631)</u>	<u>(33,501)</u>	<u>6,873,720</u>	<u>5,987,470</u>	<u>14.8%</u>

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

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 Changes in Net Position							
	Governmental Activities		Business type Activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2019	2018	2019	2018	2019	2018	2018-2019
Revenues:							
Program revenues:							
Charges for service	\$ 1,227,804	1,044,732	144,962	136,954	1,372,766	1,181,686	16.2%
Operating grants, contributions and restricted interest	1,055,335	1,066,551	151,982	139,608	1,207,317	1,206,159	0.1%
Capital grants and contributions	-	-	-	-	-	-	-
General revenues:							
Property tax	2,986,769	2,756,540	-	-	2,986,769	2,756,540	8.4%
Local option sales and service tax	482,724	474,078	-	-	482,724	474,078	1.8%
Unrestricted state grants	2,007,833	2,283,066	-	-	2,007,833	2,283,066	-12.1%
Unrestricted investment earnings	59,745	28,083	11	4	59,756	28,087	112.8%
Other	108,433	163,973	-	-	108,433	163,973	-33.9%
Total revenues	7,928,643	7,817,023	296,955	276,566	8,225,598	8,093,589	1.6%
Program expenses:							
Governmental activities:							
Instruction	4,748,591	4,754,498	-	-	4,748,591	4,754,498	-0.1%
Support services	1,764,796	1,769,097	-	-	1,764,796	1,769,097	-0.2%
Non-instructional programs	5,515	6,428	278,485	288,800	284,000	295,228	-3.8%
Other expenses	543,361	630,555	-	-	543,361	630,555	-13.8%
Total expenses	7,062,263	7,160,578	278,485	288,800	7,340,748	7,449,378	-1.5%
Other financing sources	-	-	1,400	-	1,400	-	-
Change in Net Position	866,380	656,445	19,870	(12,234)	886,250	644,211	37.6%
Net position beginning of year	6,020,971	5,364,526	(33,501)	(21,267)	5,987,470	5,343,259	12.1%
Net position end of year	\$ 6,887,351	6,020,971	(13,631)	(33,501)	6,873,720	5,987,470	14.8%

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 of Services		Change	Net Cost of Services		Change
	2019	2018	2018-2019	2019	2018	2018-2019
Instruction	\$ 4,748,591	4,754,498	-0.1%	2,704,460	2,884,185	-6.2%
Support services	1,764,796	1,769,097	-0.2%	1,746,301	1,753,328	-0.4%
Non-instructional programs	5,515	6,428	-14.2%	5,515	6,428	-14.2%
Other expenses	543,361	630,555	-13.8%	322,848	405,354	-20.4%
Totals	\$ 7,062,263	7,160,578	-1.4%	4,779,124	5,049,295	-5.4%

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Governmental Activities

The District saw an increase in total net position of \$866,380 due to the increase in tuition revenue and maintaining expenditures.

Business Type Activities

Revenues for business type activities were \$296,955 and expenses were \$278,485. The net position increased \$19,870 from (\$33,501) to (\$13,631). The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal, and state reimbursements and investment income.

Individual Fund Analysis

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$4,013,456 which is \$840,021 more than the balance of \$3,173,435 at the beginning of the year.

The individual fund analysis basically goes through each of the major school funds and tries to put in simple terms where they are and where we may want to go with them during the coming year. Please keep in mind that it is a snapshot picture of finances on June 30 of each year. The figures represent our modified accrual position on June 30, 2019, compared with where we were on June 30, 2018. You can find these figures in the year-end reports on expenditures, revenues, and fund balances. North Mahaska Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Highlights

General Operating Fund

In the General Fund, we had revenues and other financing sources of \$6,740,826. We had expenditures and other financing uses of \$6,019,709. Therefore, we ended the year with a \$720,767 surplus. We started the year with a balance of \$1,539,081, so we ended the year with a balance of \$2,260,198. The fund balance increase is due primarily to the increase in open enrollment and maintaining expenditures.

Management Fund

In the Management Fund, we had expenditures of \$188,341 and revenues of \$217,111. Therefore, we ended the year with a \$28,770 surplus. We started the year with \$247,028, we ended the year with a balance of \$275,978. The fund is now used for the early retirement program, insurance premiums and unemployment claims. Money from this fund can be spent on insurance (other than employee health), tort liability claims, unemployment claims, and qualifying early retirement payments

Physical Plant and Equipment Levy (PPEL)

In PPEL we had expenditures of \$76,926 and revenues of \$119,192 meaning the district ended the year with \$42,266 surplus. We started the year with \$48,576 we finished with a balance of \$90,842. Non-instructional software, technology equipment over \$500 and building and ground maintenance were purchased with PPEL money.

Capital Projects

We started the year with a balance of \$1,172,066 in all capital projects funds. We had expenditures of \$531,668 and revenues of \$623,424. The fund balance is now \$1,263,822 (a increase of \$91,756). The debt service is being paid by one-cent sales tax funding to help with construction and 1:1 computer lease. No property taxes were increased to collect the debt service.

Activity Fund

The activity fund is a conglomerate of many different minor funds from athletics and music to class treasuries. The fund is in good condition overall. The beginning balance was \$215,080. At the end of the year, it was \$213,458. The balance can fluctuate quite a bit depending on what projects are going on and when money is being paid out. This is not a fund in which you are trying to make money, but you like to keep a healthy balance to cover cash flow during the year. Most of the accounts are revolving in nature in that organizations use them for their activities. In the athletic part of the budget, some sports ran in the red, but others ran in the black.

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Proprietary Fund Highlights

Nutrition Fund

The nutrition fund started the year with a balance of (\$33,501). Revenues for the year totaled \$296,955 while expenditures totaled \$278,485 leaving a balance of negative \$13,631. The nutrition fund has a negative balance due to the OPEB liability that must be recorded in the financial statement as a liability. This liability will not ever need to be paid. The nutrition fund has the cash funds available to run a nutrition program.

Budgetary Highlights

Total expenditures were less than budgeted. 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 Assets and Debt Administration

Capital Assets

On June 30, 2019, the District had invested \$8,607,164 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, and transportation equipment. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$377,415.

The original cost of the District's capital assets was \$14,195,350. Of this amount, \$200,676 was in the Proprietary, School Lunch Fund.

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2019	2018	2019	2018	2019	2018	2018-2019
Land	\$ 95,250	95,250	-	-	95,250	95,250	0.0%
Construction in progress	-	-	-	-	-	-	-
Buildings	7,022,986	7,212,610	-	-	7,022,986	7,212,610	-2.6%
Improvements other than buildings	1,109,269	1,150,561	-	-	1,109,269	1,150,561	-3.6%
Furniture and equipment	360,854	432,944	18,805	20,310	379,659	453,254	-16.2%
Totals	\$8,588,359	8,891,365	18,805	20,310	8,607,164	8,911,675	-3.4%

**North Mahaska Community School District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Long-Term Debt

On June 30, 2019, the District had \$3,105,000 in revenue bonds. The revenue bond was for the remodel of the high school office, some of the high school classrooms and the all-weather track. The revenue bond is being paid from the one cent sales tax. No debt service tax was used to increase property taxes. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2019	2018	2018-2019
Revenue bonds	\$3,105,000	3,345,000	-7.2%
Capital lease	73,255	144,759	-49.4%
Early retirement	45,000	75,000	N/A
Compensated absences	-	9,479	-100.0%
Net pension liability	3,190,199	3,279,484	-2.7%
Other postemployment benefits	383,176	361,285	6.1%
Totals	\$6,796,630	7,215,007	-5.8%

Economic Factors Bearing on the District's Future

The district remains in good financial condition. North Mahaska open enrollment in the district continues to increase. This has helped the district general fund revenue to grow. Approximately one-fourth of students in the district are open enrolled in to North Mahaska. The one cent local option sales tax (SILO) will continue to be a big help for many projects and will help retire debt. The SILO funds have been allocated to pay for the revenue bonds and the 1:1 computer. The SILO revenues can help with authorized purchases but are very limited in the type of expenditures allowed. Both these factors will keep the district in a tight budgeting environment. As the district looks into the future, there will be a construction project starting in the summer of 2020. In September 2019 the school district passed a general obligation (GO) bond in the amount of approximately \$12,000,000. The GO Bond will be used to add on 2 additional classrooms, renovate and relocate the elementary office, district-wide HVAC system, multi-purpose safe room, add a corridor between the elementary and the early childhood building and renovate the fitness center, locker room and the high school north façade.

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 Cindy Quang, Business Manager, or Angela Livezey, Superintendent, North Mahaska Community School, P.O. Box 89, New Sharon, Iowa 50207.

Basic Financial Statements

North Mahaska Community School District
Statement of Net Position
June 30, 2019

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 4,308,827	50,722	4,359,549
Receivables:			
Property tax:			
Delinquent	8,529	-	8,529
Succeeding year	3,336,253	-	3,336,253
Income surtax	74,601	-	74,601
Accounts	11,222	-	11,222
Due from other governments	845,790	2,557	848,347
Inventories	-	4,875	4,875
Capital assets, net of accumulated depreciation	8,588,359	18,805	8,607,164
Total assets	17,173,581	76,959	17,250,540
Deferred Outflows of Resources			
Pension related deferred outflows	1,415,257	39,072	1,454,329
Liabilities			
Accounts payable	195,076	1,820	196,896
Excess of warrants over bank balance	73,376	-	73,376
Salaries and benefits payable	629,944	-	629,944
Accrued interest payable	39,216	-	39,216
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	250,000	-	250,000
Obligations under capital lease	73,255	-	73,255
Early retirement	30,000	-	30,000
Portion due after one year:			
Revenue bonds	2,855,000	-	2,855,000
Early retirement	15,000	-	15,000
Net pension liability	3,102,174	88,025	3,190,199
Net OPEB liability	362,180	20,996	383,176
Total liabilities	7,625,221	110,841	7,736,062
Deferred Inflows of Resources			
Unavailable property tax revenue	3,336,253	-	3,336,253
Income surtax	74,601	-	74,601
Pension related deferred inflows	664,432	18,821	683,253
Total deferred inflows of resources	4,075,286	18,821	4,094,107
Net Position			
Net investment in capital assets	5,410,104	18,805	5,428,909
Restricted for:			
Management levy purposes	275,978	-	275,978
Physical plant and equipment	90,842	-	90,842
Capital projects	1,172,980	-	1,172,980
Student activities	213,458	-	213,458
Categorical funding	448,576	-	448,576
Nonexpendable	-	-	-
Unrestricted	(724,587)	(32,436)	(757,023)
Total net position	\$ 6,887,351	(13,631)	6,873,720

See notes to financial statements.

**North Mahaska Community School District
Statement of Activities
Year ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 2,649,110	689,424	689,031	-	(1,270,655)	-	(1,270,655)
Special	825,856	192,114	122,296	-	(511,446)	-	(511,446)
Other	1,273,625	346,266	5,000	-	(922,359)	-	(922,359)
	<u>4,748,591</u>	<u>1,227,804</u>	<u>816,327</u>	<u>-</u>	<u>(2,704,460)</u>	<u>-</u>	<u>(2,704,460)</u>
Support Service:							
Student	118,046	-	-	-	(118,046)	-	(118,046)
Instructional staff	138,333	-	-	-	(138,333)	-	(138,333)
Administration	653,451	-	-	-	(653,451)	-	(653,451)
Operation and maintenance of plant	509,160	-	-	-	(509,160)	-	(509,160)
Transportation	345,806	-	18,495	-	(327,311)	-	(327,311)
	<u>1,764,796</u>	<u>-</u>	<u>18,495</u>	<u>-</u>	<u>(1,746,301)</u>	<u>-</u>	<u>(1,746,301)</u>
Non-instructional programs	5,515	-	-	-	(5,515)	-	(5,515)
Other expenditures:							
Facilities acquisition	23,637	-	-	-	(23,637)	-	(23,637)
Long-term debt interest	77,081	-	-	-	(77,081)	-	(77,081)
AEA flowthrough	220,513	-	220,513	-	-	-	-
Depreciation (unallocated) *	222,130	-	-	-	(222,130)	-	(222,130)
	<u>543,361</u>	<u>-</u>	<u>220,513</u>	<u>-</u>	<u>(322,848)</u>	<u>-</u>	<u>(322,848)</u>
Total governmental activities	7,062,263	1,227,804	1,055,335	-	(4,779,124)	-	(4,779,124)
Business type activities:							
Non-instructional programs:							
Food service operations	278,485	144,962	151,982	-	-	18,459	18,459
	<u>278,485</u>	<u>144,962</u>	<u>151,982</u>	<u>-</u>	<u>-</u>	<u>18,459</u>	<u>18,459</u>
Total primary government	<u>\$ 7,340,748</u>	<u>1,372,766</u>	<u>1,207,317</u>	<u>-</u>	<u>(4,779,124)</u>	<u>18,459</u>	<u>(4,760,665)</u>

**North Mahaska Community School District
Statement of Activities
Year ended June 30, 2019**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
Totals continued from previous pages	\$ 7,340,748	1,372,766	1,207,317	-	(4,779,124)	18,459	(4,760,665)
General Revenues:							
Property tax levied for:							
General purposes					2,911,178	-	2,911,178
Capital outlay					75,591	-	75,591
Statewide sales, services and use tax					482,724	-	482,724
Unrestricted state grants					2,007,833	-	2,007,833
Unrestricted investment earnings					59,745	11	59,756
Other					108,433	-	108,433
Total general revenues					5,645,504	11	5,645,515
Contributed capital					-	1,400	1,400
Change in net position					866,380	19,870	886,250
Net position beginning of year					6,020,971	(33,501)	5,987,470
Net position end of year					\$ 6,887,351	(13,631)	6,873,720

* This amount excludes the depreciation included in the direct expenses of the various programs

See notes to financial statements.

**North Mahaska Community School District
Balance Sheet
Governmental Funds
June 30, 2019**

Assets	General	Debt Service	Capital Projects	Non-major	Total
Cash, cash equivalents and pooled investments	\$ 2,321,603	-	1,228,732	490,548	4,040,883
Receivables:					
Property tax:					
Delinquent	7,675	-	222	632	8,529
Succeeding year	2,415,399	-	87,125	833,729	3,336,253
Income surtax	74,601	-	-	-	74,601
Accounts	11,222	-	-	-	11,222
Due from other governments	807,674	-	38,116	-	845,790
Total assets	\$ 5,638,174	-	1,354,195	1,324,909	8,317,278
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 184,656	-	3,248	1,744	189,648
Excess of warrants issued over bank balance	73,376	-	-	-	73,376
Salaries and benefits payable	629,944	-	-	-	629,944
Total liabilities	887,976	-	3,248	1,744	892,968
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,415,399	-	87,125	833,729	3,336,253
Income surtax	74,601	-	-	-	74,601
Total deferred inflows of resources	2,490,000	-	87,125	833,729	3,410,854
Fund balances:					
Restricted for:					
Categorical funding	448,576	-	-	-	448,576
Management levy purposes	-	-	-	275,978	275,978
Student activities	-	-	-	213,458	213,458
School infrastructure	-	-	1,172,980	-	1,172,980
Physical plant and equipment	-	-	90,842	-	90,842
Unassigned	1,811,622	-	-	-	1,811,622
Total fund balances	2,260,198	-	1,263,822	489,436	4,013,456
Total liabilities, deferred inflows of resources and fund balances	\$ 5,638,174	-	1,354,195	1,324,909	8,317,278

See notes to financial statements.

Exhibit D

**North Mahaska Community School District
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 June 30, 2019**

Total fund balances of governmental funds (Exhibit C) \$ 4,013,456

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 8,588,359

The Internal Service Fund is used by management to charge the costs of partial self funding of the District's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position 261,536

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (39,216)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 1,415,257	
Deferred inflows of resources	(664,432)	750,825

Long-term liabilities, including bonds payable, obligations under capital lease, net pension liability, compensated absences and other postemployment benefits payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.

Revenue bonds	(3,105,000)	
Obligations under capital lease	(73,255)	
Early retirement	(45,000)	
Net pension liability	(3,102,174)	
Net OPEB liability	(362,180)	(6,687,609)

Net position of governmental activities (Exhibit A) \$ 6,887,351

See notes to financial statements.

Exhibit E

North Mahaska Community School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2019

	General	Debt Service	Capital Projects	Non-major	Total
Revenues:					
Local sources:					
Local tax	\$ 2,682,663	-	75,175	214,133	2,971,971
Tuition	848,887	-	-	-	848,887
Other	131,967	-	65,091	349,023	546,081
Intermediate sources	10,794	-	-	-	10,794
State sources	2,921,728	-	483,158	1,237	3,406,123
Federal sources	144,437	-	-	-	144,437
Total revenues	6,740,476	-	623,424	564,393	7,928,293
Expenditures:					
Current:					
Instruction:					
Regular	2,588,623	-	-	58,326	2,646,949
Special	826,227	-	-	-	826,227
Other	899,599	-	-	348,904	1,248,503
	4,314,449	-	-	407,230	4,721,679
Support services:					
Student	116,950	-	-	276	117,226
Instructional staff	88,017	-	47,111	276	135,404
Administration	624,285	-	23,220	11,755	659,260
Operation and maintenance of plant	392,031	-	1,400	97,676	491,107
Transportation	263,464	-	-	14,517	277,981
	1,484,747	-	71,731	124,500	1,680,978
Non-instructional programs	-	-	-	5,515	5,515
Other expenditures:					
Facilities acquisition	-	-	66,842	-	66,842
Long-term debt:					
Principal	-	311,503	-	-	311,503
Interest and fiscal charges	-	81,592	-	-	81,592
AEA flowthrough	220,513	-	-	-	220,513
	220,513	393,095	66,842	-	680,450
Total expenditures	6,019,709	393,095	138,573	537,245	7,088,622
Excess (deficiency) of revenues over (under) expenditures	720,767	(393,095)	484,851	27,148	839,671
Other financing sources (uses):					
Proceeds from disposal of assets	350	-	-	-	350
Operating transfers in	-	393,095	-	-	393,095
Operating transfers (out)	-	-	(393,095)	-	(393,095)
Total other financing sources (uses)	350	393,095	(393,095)	-	350
Net change in fund balances	721,117	-	91,756	27,148	840,021
Fund balances beginning of year	1,539,081	-	1,172,066	462,288	3,173,435
Fund balances end of year	\$ 2,260,198	-	1,263,822	489,436	4,013,456

See notes to financial statements.

Exhibit F

**North Mahaska Community School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds to the Statement of Activities
 Year ended June 30, 2019**

Net change in fund balances - total governmental funds (Exhibit E) \$ 840,021

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays	\$ 71,504	
Depreciation expense	<u>(374,510)</u>	(303,006)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds, The change in Net Position of the Internal Service Fund is reported with governmental activities. 76,418

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year items are as follows:

Bond principal repaid	240,000	
Capital lease principal repaid	<u>71,504</u>	311,504

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 4,510

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position 340,095

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows.

Early retirement	30,000	
Compensated absences	9,479	
Pension expense	(421,950)	
OPEB expense	<u>(20,691)</u>	(403,162)

Change in net position of governmental activities (Exhibit B) \$ 866,380

See notes to financial statements.

Exhibit G

**North Mahaska Community School District
Statement of Net Position
Proprietary Fund
June 30, 2019**

	Business Type Activities	Governmental Activities
	Enterprise, School Nutrition	Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents	\$ 50,722	266,964
Due from other governments	2,557	-
Inventories	4,875	-
Total current assets	<u>58,154</u>	<u>266,964</u>
Non-current assets:		
Property and equipment:		
Machinery and equipment	200,676	-
Accumulated depreciation	(181,871)	-
Total non-current assets	<u>18,805</u>	<u>-</u>
Total assets	<u>76,959</u>	<u>266,964</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>39,072</u>	<u>-</u>
Liabilities		
Current liabilities:		
Accounts payable	1,820	5,428
Total current liabilities	<u>1,820</u>	<u>5,428</u>
Non-current liabilities:		
Net pension liability	88,025	-
Net OPEB liability	20,996	-
Total non-current liabilities	<u>109,021</u>	<u>-</u>
Total liabilities	<u>110,841</u>	<u>5,428</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>18,821</u>	<u>-</u>
Net Position		
Net investment in capital assets	18,805	-
Unrestricted	(32,436)	261,536
Total net position	<u>\$ (13,631)</u>	<u>261,536</u>

See notes to financial statements.

Exhibit H

North Mahaska Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2019

	Business Type Activities	Governmental Activities
	Enterprise, School Nutrition	Internal Service Fund
Operating revenue:		
Local sources:		
Charges for services	\$ 144,962	139,443
Operating expenses:		
Instructional programs:		
Support services:		
Other	-	63,025
Non-instructional programs:		
Food service operations:		
Salaries	84,055	-
Benefits	46,744	-
Purchased services	475	-
Supplies	144,306	-
Depreciation	2,905	-
Total operating expenses	278,485	63,025
Operating income (loss)	(133,523)	76,418
Non-operating revenue:		
Interest income	11	-
State sources	2,424	-
Federal sources	149,558	-
Total non-operating revenue	151,993	-
Contributed capital	1,400	-
Change in net position	19,870	76,418
Net position beginning of year	(33,501)	185,118
Net position end of year	\$ (13,631)	261,536

See notes to financial statements.

Exhibit I

**North Mahaska Community School District
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2019**

	Business Type Activities	Governmental Activities
	Enterprise, School Nutrition	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 144,962	-
Cash received from miscellaneous operating activities	-	139,443
Cash payments to employees for services	(126,766)	-
Cash payments to suppliers for goods or services	(137,112)	(57,723)
Net cash provided (used) by operating activities	<u>(118,916)</u>	<u>81,720</u>
Cash flows from non-capital financing activities:		
State grants received	2,424	-
Federal grants received	134,253	-
Net cash provided by non-capital financing activities	<u>136,677</u>	<u>-</u>
Cash flows from investing activities:		
Interest on investments	11	-
Net increase (decrease) in cash and cash equivalents	17,772	81,720
Cash and cash equivalents at beginning of year	32,950	185,244
Cash and cash equivalents at end of year	<u>\$ 50,722</u>	<u>266,964</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating gain (loss)	\$ (133,523)	76,418
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Commodities used	12,748	-
Depreciation	2,905	-
Decrease in accounts receivable	-	-
Decrease in inventories	357	-
Increase (decrease) in accounts payable	(5,436)	5,302
(Decrease) in other postemployment benefits	(2,052)	-
Increase in net pension liability	1,200	-
Decrease in deferred outflows of resources	9,489	-
(Decrease) in deferred inflows of resources	(4,604)	-
Net cash provided (used) by operating activities	<u>\$ (118,916)</u>	<u>81,720</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:		
Current assets:		
Cash	\$ 50,722	266,964
Cash and cash equivalents at year end	<u>\$ 50,722</u>	<u>266,964</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2019, the District received \$12,748 of federal commodities.

See notes to financial statements.

Exhibit J

**North Mahaska Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019**

	<u>Private Purpose Trust Scholarship</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 265,244
Total assets	<u>265,244</u>
Liabilities	
Total liabilities	<u>-</u>
Net position	
Reserved for scholarships	<u>265,244</u>
Total Net Position	<u><u>\$ 265,244</u></u>

See notes to financial statements.

Exhibit K

North Mahaska Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2019

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 1,750
Unrealized gain on investments	3,815
Interest income	6,833
Total revenues	<u>12,398</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>4,860</u>
Total expenditures	<u>4,860</u>
Change in net position	7,538
Net position beginning of year, as restated	<u>257,706</u>
Net position end of year	<u>\$ 265,244</u>

See notes to financial statements.

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

North Mahaska Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the City of New Sharon, Iowa and the predominate agricultural territory in Mahaska and Poweshiek counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Mahaska County Assessor's Conference Board.

B. Basis of Presentation

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

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

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

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

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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 restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

The District reports the following non-major proprietary funds:

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

Internal Service Funds are used to account for goods or services provided by one department to other departments of the District on a cost reimbursement basis. The District has the following internal service fund:

Partial Self-Insurance Fund: This fund accounts for transactions for self-insured health insurance received by District employees in which the District is responsible for paying all claims and administrative costs attributable to the insurances listed above.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in 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 the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2018.

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

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

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reported 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	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements other than buildings	20-40
Furniture and equipment	5-20

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

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

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

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows 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.

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

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

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

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 are imposed by law through constitutional provisions or enabling legislation.

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, expenditures did not exceed the amounts budgeted.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks 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 insure there will be no loss of public funds.

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

At June 30, 2019, the District had investments in the Iowa Schools Joint Investment Trust Direct (ISJIT) Government Obligations Portfolio which are valued at amortized cost of \$3,355,007 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the ISJIT investments. The investments in ISJIT were rated AAAm by Standard & Poor's Financial Services.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

Transfer to	Transfer from	Amount
Debt service	Capital projects, statewide sales, services and use tax	\$ 393,095
		\$ 393,095

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

**North Mahaska Community School District
Notes to Financial Statements
June 30, 2019**

(4) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 95,250	-	-	95,250
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>95,250</u>	<u>-</u>	<u>-</u>	<u>95,250</u>
Capital assets being depreciated:				
Buildings	10,281,421	32,025	-	10,313,446
Improvements other than buildings	1,942,331	11,180	-	1,953,511
Furniture and equipment	1,604,168	28,299	-	1,632,467
Total capital assets being depreciated	<u>13,827,920</u>	<u>71,504</u>	<u>-</u>	<u>13,899,424</u>
Less accumulated depreciation for:				
Buildings	3,068,811	221,649	-	3,290,460
Improvements other than buildings	791,770	52,472	-	844,242
Furniture and equipment	1,171,224	100,389	-	1,271,613
Total accumulated depreciation	<u>5,031,805</u>	<u>374,510</u>	<u>-</u>	<u>5,406,315</u>
Total capital assets being depreciated, net	<u>8,796,115</u>	<u>(303,006)</u>	<u>-</u>	<u>8,493,109</u>
Governmental activities capital assets, net	<u>\$ 8,891,365</u>	<u>(303,006)</u>	<u>-</u>	<u>8,588,359</u>
Business type activities:				
Furniture and equipment	\$ 199,276	1,400	-	200,676
Less accumulated depreciation	178,966	2,905	-	181,871
Business type activities capital assets, net	<u>\$ 20,310</u>	<u>(1,505)</u>	<u>-</u>	<u>18,805</u>
Depreciation expense was charged by the District as follows:				
Governmental activities:				
Instruction:				
Regular				\$ 22,198
Other				47,794
Support services:				
Administration				1,964
Operation and maintenance of plant				15,805
Transportation				64,619
				<u>152,380</u>
Unallocated depreciation				222,130
Total governmental activities depreciation expense				<u>\$ 374,510</u>
Business type activities:				
Food services				<u>\$ 2,905</u>

North Mahaska Community School District
Notes to Financial Statements
June 30, 2019

(5) Long-Term Liabilities

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

	Balance Beginning of Year, as restated	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 3,345,000	-	240,000	3,105,000	250,000
Early retirement	75,000	-	30,000	45,000	30,000
Compensated absences	9,479	-	9,479	-	-
Obligations under capital lease	144,759	-	71,504	73,255	73,255
Net pension liability	3,189,407	-	87,233	3,102,174	-
Net OPEB liability	341,489	20,691	-	362,180	-
Total	\$ 7,105,134	20,691	438,216	6,687,609	353,255
Business type activities:					
Net pension liability	\$ 90,077	-	2,052	88,025	-
Net OPEB liability	19,796	1,200	-	20,996	-
Total	\$ 109,873	1,200	2,052	109,021	-

Revenue Bonds

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

Bond Issue of May 3, 2016				
Year ending June 30,	Interest Rates	Principal	Interest	Total
2020	2.42%	\$ 250,000	72,116	322,116
2021	2.42	255,000	66,005	321,005
2022	2.42	260,000	59,774	319,774
2023	2.42	265,000	53,422	318,422
2024	2.42	275,000	46,887	321,887
2025	2.42	280,000	40,172	320,172
2026	2.42	290,000	33,275	323,275
2027	2.42	295,000	26,197	321,197
2028	2.42	305,000	18,937	323,937
2029	2.42	310,000	11,495	321,495
2030	2.42	320,000	3,872	323,872
Total		\$ 3,105,000	432,152	3,537,152

The District has pledged future statewide sales, services and use tax revenues to repay the \$3,580,000 of bonds issued in May 2016. The bonds were issued for the purpose of financing a portion of the costs of infrastructure improvements. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$3,537,152. For the current year, \$318,045 of principal and interest was paid on the bonds and total statewide sales, services and use tax revenues were \$482,724.

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

**North Mahaska Community School District
Notes to Financial Statements
June 30, 2019**

- a) All proceeds from the statewide sales, services and use tax shall be placed in a revenue account.
- b) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- c) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District did comply with all of the revenue bond provisions during the year ended June 30, 2019.

Capital Lease

The District entered into a capital lease arrangement November 16, 2015 for the purchase of computer equipment for the District. The following is a schedule of the future minimum payments required under the lease together with their present value as of June 30, 2019.

Year ending June 30,	Apple Computer, Inc Capital Lease
2020	\$ 75,050
Total minimum lease payments	75,050
Less amount representing interest	1,795
Present value of minimum lease payments	<u>\$ 73,255</u>

(6) Pension Plan

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

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

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

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

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

North Mahaska Community School District
Notes to Financial Statements
June 30, 2019

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

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

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

The District’s contributions to IPERS for the year ended June 30, 2019 were \$348,098.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the District reported a liability of \$3,190,199 for its proportionate share of the 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 District’s proportion of the net pension liability was based on the District’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the District’s proportion was 0.050428%, which was an increase of 0.000752% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$432,786. 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	\$ 17,491	72,104
Changes of assumptions	455,102	-
Net difference between projected and actual earnings on IPERS’ investments	371,712	459,369
Changes in proportion and differences between District contributions and the District’s proportionate share of contributions	261,926	151,780
District contributions subsequent to the measurement date	348,098	-
Total	\$ 1,454,329	683,253

\$348,098 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year 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	\$ 222,467
2021	130,698
2022	38,922
2023	30,405
2024	486
	\$ 422,978

North Mahaska Community School District
Notes to Financial Statements
June 30, 2019

There were no non-employer contributing entities to IPERS.

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, as follows:

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2010)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% 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 table were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

North Mahaska Community School District
Notes to Financial Statements
June 30, 2019

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 5,414,408	\$ 3,190,199	\$ 1,324,417

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

Payables to IPERS - At June 30, 2019, the District reported payables to IPERS of \$43,944 for legally required District contributions and \$29,280 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(7) Other Post-Employment Benefits (OPEB)

Plan Description - The District administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits for employees 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 beneficiaries currently receiving benefit payments	2
Active employees	68
	70

Total OPEB Liability – the District's total OPEB liability of \$383,176 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

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

Rate of Inflation (effective June 30, 2018)	2.00% per annum.
Rates of salary increase (effective June 30, 2018)	3.50% per annum including inflation
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2018)	5.50% initial rate decreasing by 0.10% annually to an ultimate rate of 4.90%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2014 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

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

North Mahaska Community School District
Notes to Financial Statements
June 30, 2019

Changes in the Total OPEB Liability

Total OPEB liability beginning of year	\$ 361,285
Changes for the year:	
Service cost	39,222
Interest	14,467
Changes in assumptions	21,590
Benefit payments	(53,388)
Net changes	<u>21,891</u>
Total OPEB liability end of year	<u>\$ 383,176</u>

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.50% in fiscal year 2019.

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 (2.50%) or 1% higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 283,000	383,176	498,000

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 liability would be if it were calculated using healthcare cost trend rates that are 1% lower (2.50%) or 1% higher (4.50%) than the current healthcare cost trend rates.

	1% Decrease (2.50%)	Healthcare Cost Trend Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 432,000	383,176	313,000

(8) Risk Management

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$220,513 for the year ended June 30, 2019, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Deficit Net Position

A net position deficit of \$10,926 exists in the Enterprise, School Nutrition Fund. There were also several Activity Fund accounts with negative balances as of June 30.

(11) 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

The District was not impacted by any tax abatements of other entities for the year ended June 30, 2019.

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, the District did not receive any reimbursement.

(12) 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 following is a scheduled of the categorical funding restricted in the General Fund at June 30, 2019.

Program	Amount
Home school assistance program	\$ 77,136
Teacher leadership state aid	112,736
Teacher salary supplement	28,075
Successful progression for early readers	53,627
Professional development	26,421
Four year old preschool state aid	139,966
Gifted and talented program	10,615
	\$ 448,576

(13) Subsequent Event

On September 10, 2019, voters approved a General Obligation Bond Issue not to exceed \$12,800,000. The proceeds will be used for renovation purposes, including for efficiency and safety purposes.

(14) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, *Fiduciary Activities*. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Required Supplementary Information

North Mahaska Community School District
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Fund
Required Supplementary Information
Year ended June 30, 2019

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 4,366,939	144,973	4,511,912	4,269,581	242,331
Intermediate sources	10,794	-	10,794	10,678	116
State sources	3,406,123	2,424	3,408,547	3,441,751	(33,204)
Federal sources	144,437	149,558	293,995	317,000	(23,005)
Total revenues	7,928,293	296,955	8,225,248	8,039,010	186,238
Expenditures/Expenses:					
Instruction	4,721,679	-	4,721,679	5,688,600	966,921
Support services	1,680,978	-	1,680,978	2,112,800	431,822
Non-instructional programs	5,515	278,485	284,000	310,678	26,678
Other expenditures	680,450	-	680,450	855,471	175,021
Total expenditures/expenses	7,088,622	278,485	7,367,107	8,967,549	1,600,442
Excess(deficiency) of revenues over(under) expenditures/expenses	839,671	18,470	858,141	(928,539)	1,786,680
Other financing sources, net	350	1,400	1,750	-	1,750
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	840,021	19,870	859,891	(928,539)	1,788,430
Balances beginning of year	3,173,435	(33,501)	3,139,934	2,683,756	456,178
Balances end of year	\$ 4,013,456	(13,631)	3,999,825	1,755,217	2,244,608

See accompanying independent auditor's report.

North Mahaska Community School District
Notes to Required Supplementary Information - Budgetary Reporting
Year ended June 30, 2019

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

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

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Cod of Iowa also provides 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 did not exceed the amounts budgeted and the District did not exceed its General Fund unspent authorized budget.

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

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.050428%	0.049676%	0.042721%	0.048423%	0.050147%
District's proportionate share of the net pension liability	\$ 3,190	3,279	2,664	2,407	2,030
District's covered-employee payroll	\$ 3,751	3,675	3,038	3,338	3,349
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85.04%	89.22%	87.69%	72.11%	60.62%
IPESRS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

North Mahaska Community School District
Schedule of District Contributions
Iowa Public Employees' Retirement System
For the Last 10 Years (In Thousands)
Required Supplementary Information

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contribution	\$ 348	335	328	271	298	299	281	252	219	214
Contributions in relation to the statutorily required contribution	(348)	(335)	(328)	(271)	(298)	(299)	(281)	(252)	(219)	(214)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 3,625	3,751	3,675	3,038	3,338	3,349	3,244	3,118	3,155	3,219
Contributions as a percentage of covered-employee payroll	9.60%	8.93%	8.93%	8.92%	8.93%	8.93%	8.66%	8.08%	6.94%	6.65%

See accompanying independent auditor's report.

North Mahaska Community School District
Notes to Required Supplementary Information - Pension Liability
Year ended June 30, 2019

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 result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit 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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

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

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

**North Mahaska Community School District
Schedule of Changes in the District's
Total OPEB Liability, Related Ratios and Notes
For the Last Two Years
Required Supplementary Information**

	2019	2018
Service cost	\$ 39,222	37,761
Interest cost	14,467	14,219
Difference between expected and actual experiences	-	-
Changes in assumptions	21,590	(20,166)
Recognition of deferred inflows/outflows	-	-
Benefit payments	(53,388)	(59,894)
Net change in total OPEB liability	21,891	(28,080)
Total OPEB liability beginning of year	361,285	389,365
Total OPEB liability end of year	<u>\$ 383,176</u>	<u>361,285</u>
Covered-employee payroll	<u>\$ 3,383,000</u>	<u>3,269,074</u>
Total OPEB liability as a percentage of covered-employee payroll	11.33%	11.05%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

**North Mahaska Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019**

	Special Revenue Funds		
	Management Levy	Student Activity	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 275,346	215,202	490,548
Receivables:			
Property tax:			
Delinquent	632	-	632
Succeeding year	833,729	-	833,729
Total assets	\$ 1,109,707	215,202	1,324,909
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	-	1,744	1,744
Total liabilities	-	1,744	1,744
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	833,729	-	833,729
Total deferred inflows of resources	833,729	-	833,729
Fund balances:			
Restricted for:			
Management levy purposes	275,978	-	275,978
Student activities	-	213,458	213,458
Total fund balances	275,978	213,458	489,436
Total liabilities, deferred inflows of resources and fund balances	\$ 1,109,707	215,202	1,324,909

See accompanying independent auditor's report.

Schedule 2

North Mahaska Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2019

	Special Revenue Funds		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 214,133	-	214,133
Other	1,741	347,282	349,023
State sources	1,237	-	1,237
Total revenues	<u>217,111</u>	<u>347,282</u>	<u>564,393</u>
Expenditures:			
Current:			
Instruction:			
Regular	58,326	-	58,326
Other	-	348,904	348,904
Support Services:			
Student	276	-	276
Instructional staff	276	-	276
Administration	11,755	-	11,755
Operation and maintenance of plant	97,676	-	97,676
Transportation	14,517	-	14,517
Non-instructional programs	5,515	-	5,515
Total expenditures	<u>188,341</u>	<u>348,904</u>	<u>537,245</u>
Excess (deficiency) of revenues over (under) expenditures	28,770	(1,622)	27,148
Fund balance beginning of year	<u>247,208</u>	<u>215,080</u>	<u>462,288</u>
Fund balance end of year	<u>\$ 275,978</u>	<u>213,458</u>	<u>489,436</u>

See accompanying independent auditor's report.

Schedule 3

North Mahaska Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2019

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Sports Physicals	\$ 2,135	800	1,160	1,775
All School Play	1,635	1,355	1,388	1,602
All School Musical	3,810	-	-	3,810
Speech	894	150	246	798
Elementary Band	287	65	352	-
Flags	92	-	-	92
Athletic Resale	792	-	792	-
Football Cheerleaders	584	2,378	2,532	430
Baseball Concessions	1,701	5,141	3,794	3,048
Softball Concessions	6,437	3,635	3,296	6,776
Basketball Cheerleaders	161	67	-	228
Athletic Misc	22,030	34,427	33,451	23,006
Dance Team	-	3,813	3,204	609
Boys Basketball Gate	-	5,574	5,624	(50)
Boys Basketball	1,464	150	200	1,414
Football	609	2,076	2,625	60
Football Gate	-	10,150	10,150	-
Baseball Gate	-	4,297	4,297	-
Baseball	450	2,126	1,976	600
Softball	150	300	139	311
Boys Track Gate	-	3,755	3,755	-
Boys Track	1,843	150	704	1,289
Golf Gate	-	1,769	1,769	-
Golf	666	1,444	40	2,070
Wrestling Gate	-	2,638	2,638	-
Wrestling	450	150	-	600
Girls Basketball Gate	-	7,080	7,080	-
Volleyball Gate	-	5,597	5,597	-
Volleyball	1,539	5,233	5,736	1,036
Girls Basketball	882	2,507	2,557	832
Softball Gate	144	4,106	4,550	(300)
Girls Track Gate	-	3,813	3,813	-
Girls Track	942	150	218	874
Cross Country Gate	-	2,351	2,351	-
Cross Country	180	150	-	330
Music Boosters	5,641	1,308	1,036	5,913
Mat Club	3,305	-	3,305	-
High School Donations	-	171	171	-
Interest	96	1,016	979	133
After Prom Party	610	16,140	16,750	-
Yearbook	3,091	5,345	5,883	2,553
National Honor Society	82	631	306	407
Spanish Club	975	3,292	3,795	472
Senior Class Trip	648	-	-	648
Washington DC Trip	950	-	-	950
Student Health	368	-	152	216
FFA	2,175	49,320	51,586	(91)

Schedule 3

North Mahaska Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2019

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
FFA Foundation	5,893	580	2,250	4,223
FFA Farm	20,844	28,710	14,491	35,063
FFA Greenhouse	-	3,297	3,297	-
Archery Club	4,391	3,281	2,358	5,314
Band Fundraiser	5,841	4,271	2,766	7,346
School Fund Concessions	61,443	34,911	40,148	56,206
Student Council	82	871	650	303
Elementary Fundraiser	10,267	14,256	15,057	9,466
Rocket Team	113	-	-	113
Class of 2018	2,840	-	2,840	-
Class of 2019	6,852	17,006	23,858	-
Class of 2020	827	11,512	8,371	3,968
Class of 2021	401	219	31	589
Class of 2022	355	205	-	560
Class of 2023	180	195	-	375
Class of 2024	-	160	-	160
NM Clay Target Shooters	7,933	15,356	12,080	11,209
Warhawk Laser Art	6,376	16,459	18,910	3,925
Water Bottle Sales	246	156	-	402
Grain For Grads	8,908	1,217	1,400	8,725
TJ Goemaat Memorial	3,470	-	400	3,070
Totals	\$ 215,080	347,282	348,904	213,458

Schedule 4

**North Mahaska Community School District
Combining Balance Sheet
Capital Projects Fund Accounts
June 30, 2019**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 1,134,864	93,868	1,228,732
Receivables:			
Property tax:			
Delinquent	-	222	222
Succeeding year	-	87,125	87,125
Due from other governments	38,116	-	38,116
Total assets	\$ 1,172,980	181,215	1,354,195
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ -	3,248	3,248
Total liabilities	-	3,248	3,248
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	87,125	87,125
Total deferred inflows of resources	-	87,125	87,125
Fund balances:			
Restricted for:			
School infrastructure	1,172,980	-	1,172,980
Physical plant and equipment	-	90,842	90,842
Total fund balances	1,172,980	90,842	1,263,822
Total liabilities, deferred inflows of resources and fund balances	\$ 1,172,980	181,215	1,354,195

See accompanying independent auditor's report.

Schedule 5

North Mahaska Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund Accounts
Year ended June 30, 2019

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	75,175	75,175
Other	21,508	43,583	65,091
State sources	482,724	434	483,158
Total revenues	<u>504,232</u>	<u>119,192</u>	<u>623,424</u>
Expenditures:			
Support Services:			
Instructional staff	17,299	29,812	47,111
Administration	-	23,220	23,220
Operation and maintenance of plant	-	1,400	1,400
Other Expenditures			
Facilities acquisition	44,348	22,494	66,842
Total expenditures	<u>61,647</u>	<u>76,926</u>	<u>138,573</u>
Excess of revenues over expenditures	442,585	42,266	484,851
Other financing sources(uses):			
Operating transfers (out)	(393,095)	-	(393,095)
Total other financing sources(uses)	<u>(393,095)</u>	<u>-</u>	<u>(393,095)</u>
Change in fund balances	49,490	42,266	91,756
Fund balances beginning of year	<u>1,123,490</u>	<u>48,576</u>	<u>1,172,066</u>
Fund balances end of year	<u>\$ 1,172,980</u>	<u>90,842</u>	<u>1,263,822</u>

See accompanying independent auditor's report.

North Mahaska Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Local sources:										
Local tax	\$ 2,971,971	2,756,540	2,648,765	2,578,288	2,703,728	2,343,236	2,980,589	2,971,818	2,996,000	2,616,631
Tuition	848,887	699,369	583,448	468,351	525,065	393,983	347,465	269,185	266,605	214,043
Other	546,081	533,258	474,830	476,398	431,959	435,620	433,058	502,345	544,431	439,368
Intermediate sources	10,794	10,799	10,971	11,809	10,507	10,407	9,150	8,000	7,378	7,201
State sources	3,406,123	3,674,648	3,547,255	3,270,504	3,265,582	3,530,267	2,622,728	2,682,001	2,504,761	2,257,816
Federal sources	144,437	153,130	180,253	199,905	217,568	185,335	155,229	257,872	265,400	462,984
Total	\$ 7,928,293	7,827,744	7,445,522	7,005,255	7,154,409	6,898,848	6,548,219	6,691,221	6,584,575	5,998,043
Expenditures:										
Instruction:										
Regular	\$ 2,646,949	2,723,857	2,823,703	3,071,020	2,838,029	2,775,595	2,745,123	2,951,172	2,566,141	2,556,376
Special	826,227	812,621	879,619	775,092	793,741	866,860	830,164	660,994	631,048	644,938
Other	1,248,503	1,186,133	1,186,312	1,008,513	709,884	703,687	631,779	724,046	667,494	631,619
Support services:										
Student	117,226	138,701	117,147	124,061	113,399	102,804	99,050	82,743	71,253	69,710
Instructional staff	135,404	189,761	180,944	160,962	161,874	163,904	292,794	298,369	275,325	200,754
Administration	659,260	643,829	599,653	570,732	625,635	564,009	593,395	614,968	557,737	543,325
Operation and maintenance of plant	491,107	506,384	605,077	520,305	482,084	383,060	459,133	391,346	373,717	382,440
Transportation	277,981	278,395	276,437	272,790	372,476	300,315	305,646	436,489	346,421	266,134
Non-instructional programs	5,515	6,428	8,368	8,552	8,062	-	5,850	5,000	5,000	8,115
Other expenditures:										
Facilities acquisition	66,842	295,352	3,685,699	293,441	448,442	281,655	119,337	182,205	75,257	49,994
Long-term debt:										
Principal	311,503	304,793	170,609	209,741	211,493	198,346	206,097	365,000	365,000	330,000
Interest and other charges	81,592	89,049	65,117	9,429	15,042	20,189	19,538	19,843	27,389	98,007
AEA flowthrough	220,513	225,201	208,360	210,606	211,817	213,576	197,639	197,409	216,272	213,983
Total	\$ 7,088,622	7,400,504	10,807,045	7,235,244	6,991,978	6,574,000	6,505,545	6,929,584	6,178,054	5,995,395

See accompanying independent auditor's report.



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

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

To the Board of Education of North Mahaska Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the North Mahaska Community School 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 March 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Mahaska Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Mahaska Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Mahaska Community School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider to be material weaknesses. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item (A) to be a material weakness.

Compliance and Other Matters

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

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.

North Mahaska Community School District's Responses to Findings

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

Purpose of this Report

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

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

Van Maanen, Sietstra, Meyer & Nikkel PC

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

March 6, 2020

Part I: Findings Related to the Financial Statements:
INTERNAL CONTROL DEFICIENCY:

A Segregation of Duties – The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure adequate internal control. This is not unusual in Districts of your size, but the Board should constantly be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the Board's knowledge of matters relating to the District's operations.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters noted.

Part II: Other Findings Related to Required Statutory Reporting:

- 1 Certified Budget - Expenditures for the year ended June 30, 2019, did not exceed the certified budget amounts.
- 2 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 3 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.
- 4 Business Transactions – No business transactions between the District and District officials or employees were noted.
- 5 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- 6 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- 7 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- 8 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- 9 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- 10 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- 11 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- 12 Deficit Balance - The School Nutrition fund had a deficit balance at June 30, 2019. There were also several Activity Fund accounts with negative balances as of June 30.

**North Mahaska Community School District
 Schedule of Findings
 Year Ended June 30, 2019**

Recommendation - The District should continue to investigate alternatives to eliminate the deficit in the School Nutrition fund and the Activity accounts.

Response - The District is continuing to investigate alternatives to eliminate the deficit in the School Nutrition fund at the end of the fiscal year as well as the Activity accounts.

Conclusion - Response accepted.

13 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2019, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,123,490
Revenues/transfers in:			
Sales tax revenues	\$	482,724	
Other local revenues		21,508	504,232
			<u>504,232</u>
Expenditures/transfers out:			
Equipment		61,647	
Transfers to other funds:			
Debt service fund		393,095	454,742
			<u>454,742</u>
Ending balance		\$	<u>1,172,980</u>

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

	<u>Rate of Levy</u>	
	<u>Reduction Per</u>	
	<u>\$1,000 of Taxable</u>	<u>Property Tax</u>
	<u>Valuation</u>	<u>Dollars Reduced</u>
Debt service levy	\$ 1.39000	318,045

APPENDIX E – FORM OF ISSUE PRICE CERTIFICATES

DRAFT

[FORM OF ISSUE PRICE CERTIFICATE TO BE USED IF
COMPETITIVE SALE REQUIREMENTS ARE MET]

NORTH MAHASKA COMMUNITY SCHOOL DISTRICT
\$ _____ 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 April 7, 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 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: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

[FORM OF ISSUE PRICE CERTIFICATE TO BE USED IF
COMPETITIVE SALE REQUIREMENTS ARE NOT MET]

NORTH MAHASKA COMMUNITY SCHOOL DISTRICT
\$ _____ **GENERAL OBLIGATION SCHOOL BONDS, SERIES 2020**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ("Purchaser")[the "Representative"]], on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"), 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. [Purchaser][The Underwriting Group] 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 Official Terms of Offering and bid award, [Purchaser][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] 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 (April 7, 2020), or (ii) the date on which [Purchaser][the Underwriters] [has][have] 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 North Mahaska 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 April 7, 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][the

Representative'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 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][REPRESENTATIVE]

By: _____

Name: _____

Dated: [ISSUE DATE]

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