



**\$9,875,000\***

**Fort Madison Community School District, Iowa  
School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2023**

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

DATE: Monday, March 20, 2023  
TIME: 1:00 PM

Standard & Poor's Rating: "A+"

\* preliminary, subject to change

**PIPER | SANDLER**

3900 Ingersoll Ave., Suite 110  
Des Moines, IA 50312  
515/247-2355

**OFFICIAL BID FORM**

TO: Members of the Board of Directors of the Fort Madison Community School District, Iowa (the "Issuer")

Re: \$9,875,000\* School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2023 dated the date of delivery, of the Issuer (the "Bonds")

For all of the above Bonds, in accordance with the Official Terms of Offering, we will pay you \$ \_\_\_\_ for Bonds bearing interest rates and maturing as follows:

<u>Coupon %</u>	<u>Yield %</u>	<u>Bonds due</u>	<u>Coupon %</u>	<u>Yield %</u>	<u>Bonds due</u>
_____	_____	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
_____	_____	June 1, 2031	_____	_____	June 1, 2041
_____	_____	June 1, 2032	_____	_____	June 1, 2042
_____	_____	June 1, 2033	_____	_____	June 1, 2043
_____	_____	June 1, 2034	_____	_____	June 1, 2044

\_\_\_\_\_ 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.

This bid is for prompt acceptance and for delivery of said Bonds to use 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) computed from the Dated Date of the Bonds.

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

NET INTEREST COST: \$ \_\_\_\_\_ TRUE INTEREST COST \_\_\_\_\_%

\_\_\_\_\_  
Account Manager

\_\_\_\_\_  
Authorized Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Fort Madison Community School District in the Counties of Henry and Lee, State of Iowa, this 20th day of March 2023.

ATTEST: \_\_\_\_\_  
Board Secretary

\_\_\_\_\_  
President

\* Subject to change

## OFFICIAL TERMS OF OFFERING

This section sets forth the description of certain 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 The Bonds to be offered are the following:

**SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUE BONDS** in the principal amount of \$9,875,000\*, dated the date of delivery (the "Dated Date") in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front cover of the official statement.

\* Adjustment to Principal Amount After Determination of Best Bid Each scheduled maturity of the Bonds is subject to increase or decrease. Such adjustments shall be made promptly after the sale and prior to the award of bids by the issuer and shall be in the sole discretion of the Issuer. The Issuer shall only make such adjustments in order to size the Bonds to provide enough funds to match actual known project costs received at bid on same date. To cooperate with any adjustment in the principal amounts, the Successful Bidder is required, as a part of its bid, to indicate its Initial Reoffering yield and Initial Reoffering price on each maturity of the Bonds (said price shall be calculated to the date as indicated by 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.

The Successful Bidder may not withdraw or modify its bid once submitted to the Issuer for any reason, including post bond adjustment. Any adjustment shall be conclusive, and shall be binding upon the Successful Bidder.

Optional Redemption: The Bonds maturing after June 1, 2031, 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 semiannually on each June 1 and December 1, beginning December 1, 2023 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 a such other address as is furnished to the Paying Agent in writing by a registered owner.

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

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$99,950 for the Bonds, payable to the order of the Issuer is required. 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 or email, within 10 minutes after 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 ("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 and shall specify the rate or rates of interest in conformity to the limitations set forth herein. **No bid that provides for gross proceeds net of reasonable underwriting fee of greater than 102% of par will be considered. No bid that calls for a purchase price of less than 99.0% of par will be considered.** Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as

received.

No bid will be received after the time specified on the front cover of the preliminary official statement. 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.

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: No facsimile bids will be accepted.

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

The interest rates bid must be in multiples of 1/8th, 1/20th or 1/100th of 1%.

All bonds of each maturity must bear the same interest rate.

Rates must be in level or ascending order.

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

Establishment of Issue Price:

(a) The winning bidder shall assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel. All communications required of the Issuer under this Official Terms of Offering to establish the issue price of the Bonds may be communicated on behalf of the Issuer by the Issuer's municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer's municipal advisor.

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

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

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

(c) In the event that the competitive sale requirements are not satisfied, the Issuer shall so advise the winning bidder. The Issuer may

determine to treat (i) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the Issuer if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Issuer shall promptly advise the winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the Issuer determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

(d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

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

(f) The Issuer acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

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

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

(h) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Official Terms of Offering. Further, for purposes of this Official Terms of Offering:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the Bonds are awarded by the Issuer to the winning bidder.

**Official Statement:** The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the Issuer, shall constitute a “Final Official Statement” of the Issuer with respect to the Bonds, as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). By awarding the Bonds to any underwriter or underwriting syndicate submitting an Official Bid Form therefore, the Issuer agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost, to the senior managing underwriter of the syndicate to which the Bonds, 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 CUSIP 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 Consultant will assume responsibility for the collection of or receipt of bids. Bids received after the appointed time of sale will not be opened.

**Continuing Disclosure:** In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of 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 on annual basis, 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.

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

For more information on this see Continuing Disclosure herein.

Bond Insurance: Application has not been made for municipal bond insurance. Should the Bonds qualify for the issuance of any policy of municipal bond insurance or commitment therefore at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance on the Notes 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 Issuance 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 Issuance 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 10, 2023

S&P's Rating: "A+"

NEW ISSUE - DTC BOOK ENTRY ONLY

Assuming compliance with certain covenants, in the opinion of Ahlers & Cooney, P.C., Bond Counsel, under present law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Interest on the Bonds is not exempt from present Iowa income taxes. The Bonds will be designated as "qualified tax-exempt obligations". See "TAX EXEMPTION AND RELATED CONSIDERATIONS" herein for a more detailed discussion.



**\$9,875,000\* Fort Madison Community School District, Iowa  
School Infrastructure Sales, Services and Use Tax Revenue Bonds Series 2023**

Dated: Date of delivery

The School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2023 (the "Bonds") are issued by the Fort Madison Community School District, Iowa (the "District" or the "Issuer") pursuant to Iowa Code Chapters 423E and 423F to finance school infrastructure projects. The Bonds are issued 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., West Des Moines, Iowa, as Paying Agent (the "Paying Agent"), 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 Paying Agent 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.

The Bonds are not general obligations of the Issuer but are special limited obligations of the Issuer. The Bonds are payable only from the School Infrastructure Sales, Services & Use tax (the "Tax") revenues received by the District under Iowa Code Chapters 423E and 423F (the "Act"), which are pledged to the repayment of the Bonds. **THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE ISSUER, NOR THE STATE OF IOWA NOR THE GENERAL TAXING POWER OF THE ISSUER, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.** See "Security and Source of Payment for the Bonds" herein.

Interest on the Bonds is payable on June 1 and December 1 in each year, beginning December 1, 2023 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 a such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing after June 1, 2031, 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 \***

<u>Bond Due</u>	<u>Amount *</u>	<u>Rate *</u>	<u>Yield *</u>	<u>Cusip Num.**</u>	<u>Bonds Due</u>	<u>Amount *</u>	<u>Rate *</u>	<u>Yield *</u>	<u>Cusip Num.**</u>
June 1, 2025	\$1,135,000				June 1, 2035	\$65,000			
June 1, 2026	1,180,000				June 1, 2036	80,000			
June 1, 2027	1,225,000				June 1, 2037	70,000			
June 1, 2028	1,275,000				June 1, 2038	75,000			
June 1, 2029	770,000				June 1, 2039	75,000			
June 1, 2030	50,000				June 1, 2040	90,000			
June 1, 2031	55,000				June 1, 2041	85,000			
June 1, 2032	60,000				June 1, 2042	95,000			
June 1, 2033	70,000				June 1, 2043	1,845,000			
June 1, 2034	65,000				June 1, 2044	1,510,000			

\$\_\_\_\_,000 \* \_\_\_\_% Term Bond due \_\_\_\_\_, priced to yield \_\_\_\_% CUSIP Number \_\_\_\_\_

Investing in the Bonds is subject to certain risks. See "CERTAIN BONDHOLDERS' RISKS" herein. In making an investment decision, investors must rely on their own examination of this issue and the terms of the offering including the merits and risk involved.

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 definitive form will be available for delivery on or about April 11, 2023. 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 \_\_\_\_\_, 2023

\* 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

No dealer, salesman or any other person has been authorized by the Issuer or the Underwriter 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. The information set forth herein has been provided by the Issuer. The Underwriter makes no guarantee as to accuracy or completeness of such information, and its inclusion herein (other than representations about the Underwriter) is not to be construed as a representation by the Underwriter. Except where otherwise indicated, this Official Statement speaks as of the date hereof. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

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

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE BONDS. THE ISSUER CONSIDERS THE OFFICIAL STATEMENT TO BE "NEAR FINAL" WITHIN THE MEANING OF RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT WHICH INVOLVES ESTIMATES, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS A REPRESENTATION OF FACTS.

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

## FORWARD-LOOKING STATEMENTS

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

**OFFICIAL STATEMENT**  
**\$9,875,000\* SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUE BONDS, SERIES 2023**  
**FORT MADISON COMMUNITY SCHOOL DISTRICT, IOWA**

**INTRODUCTORY STATEMENT**

This Official Statement presents certain information relating to the Fort Madison Community School District, Iowa (the “District” or the “Issuer”), in connection with the sale of the Issuer’s School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2023 (the “Bonds”). The Bonds are being issued to i) provide funds to renovate, repair, and improve, and to construct additions to the high school and middle school buildings and improve the sites; ii) fund the Reserve fund; and iii) pay costs of issuance for the Bonds (the “Projects”). See “**THE PROJECT**” herein. The Bonds will be issued pursuant to a Resolution authorizing the issuance of the Bonds expected to be adopted on or about March 29, 2023.

Prior to the adoption by the Legislature of Chapter 423F (the “Act”), voters in Henry and Lee Counties, authorized a school infrastructure local option sales and services tax, pursuant to Iowa Code Chapter 423E to be used for school infrastructure purposes. Under the Act, all prior 423E school infrastructure local option sales and services taxes were repealed on July 1, 2008, in favor of a new statewide \$.01 school infrastructure sales, services & use tax (the “Tax”). Under the provisions of the Act and under Iowa Code chapter 423E, school corporations are authorized to issue Sales Tax Revenue Bonds payable from the receipt by the District of such revenues (“Tax Revenues”). See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” herein.

Summaries and descriptions of the Issuer, the Act, the Bonds, the Bond Resolution, and certain other documents are included in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute or instrument. Copies of the Bond Resolution may be obtained during the initial offering period by contacting the Issuer. The Issuer has agreed to provide certain continuing disclosure information after issuance of the Bonds as more fully described under “**APPENDIX C - Form of Continuing Disclosure Certificate**” – attached hereto.

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

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

The Bonds are special, limited obligations payable solely from the collections of the School Infrastructure Sales, Services & Use Tax and funds pledged to the payment thereof in the Resolution. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**”

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.

**CERTAIN BONDHOLDERS’ RISKS**

An investment in the Bonds is subject to certain risks. No person should purchase the Bonds unless such person understands the risks described below and is willing to bear those risks. There may be other risks not listed below which may adversely affect the value of the Bonds. In order to identify risk factors, make an informed investment decision, and if the Bonds are an appropriate investment, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto).

**Global Health Pandemic – COVID 19**

In recent years, a strain of coronavirus commonly known as COVID-19 has spread globally, negatively affecting global, state, and local economies and possibly sparking a recession. The State of Iowa may suffer material adverse consequences from the continued spread of COVID-19, which could affect the amount of State revenues appropriated to municipalities, including the Issuer. The spread of the virus could reduce sales tax and other revenue collections, property valuations and other revenue sources dependent on local business activity, which may be slower.

The Issuer did not experience material reductions in revenue or material increases in expenses in fiscal years 2020, 2021, 2022, or to-date in fiscal year 2023, due to material COVID-19-related financial impacts and currently expects that any material COVID-19-related financial impacts will be covered by federal funding. It is too soon, however, to fully predict what COVID-19-related financial impacts the Issuer may incur and whether any such financial impacts will be material. The spread of the virus could negatively affect the Issuer’s financial condition, including, among others, lower property values, decreasing student enrollment, a delay in property tax collections, and other unpredicted unforeseen consequences, which may affect the Issuer’s ability to pay principal of and interest on the Bonds. The Bonds are not general obligations of the Issuer but are special, limited obligations of the Issuer. See “**SECURITY AND SOURCE OF PAYMENT FOR THE**

BONDS” herein.

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

### **Limited Obligations**

The Bonds are not general obligations of the Issuer, but are special limited obligations of the Issuer. The Bonds are payable only from (1) the Sinking Fund (as defined herein) and (2) the Reserve Fund (as defined herein), which are pledged to the repayment of the Bonds. **THE BONDS SHALL NOT CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER OR CHARGE AGAINST ITS GENERAL CREDIT OR GENERAL FUNDS. NEITHER THE FAITH AND CREDIT OF THE ISSUER, THE COUNTY, NOR THE STATE OF IOWA NOR THE GENERAL TAXING POWER OF THE ISSUER, THE STATE OF IOWA OR ANY POLITICAL SUBDIVISION OF THE STATE OF IOWA, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST THEREON OR OTHER COSTS INCIDENT THERETO.** See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” herein.

### **Estimated Collections**

Estimates of Tax Revenue available to pay the Bonds in the future presented herein are based on estimates provided to the Issuer by the State of Iowa Department of Revenue (the “Department”), which estimates have not been independently reviewed by any third parties. Failure to receive Tax Revenues in the amount estimated would reduce the debt service coverage ratios described herein (see “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Estimated Debt Service and Coverage on the Bonds**” herein). If such estimates vary significantly from actual Tax collections in the future, that variance could prevent the Issuer from making timely payments of principal of and interest on the Bonds.

While the estimated Tax collections set forth herein are based upon information and assumptions that the Issuer believes to be reasonable, potential purchasers of the Bonds should recognize that such estimates are subject to changes resulting from a wide variety of economic and other conditions. Therefore, no assurance can be given that the Tax Revenues will be received in the annual or aggregate amount estimated. There may be material differences between the estimated collections and actual payments of Tax Revenues to the Issuer.

### **Enrollment Trends**

Receipts of the Tax are based on the actual enrollment of the Issuer as described herein. Changes in enrollment, whether up or down, will impact collections under the Tax, the impact of which could be material. Deterioration in long term enrollment, or increases in statewide enrollments not matched by increases in enrollments in the Issuer will potentially reduce the actual collections of the Tax, and that reduction could materially alter the Issuer’s ability to repay the Bonds. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Historic Resident Enrollment in the District**” herein.

### **Additional Debt and Parity Obligations**

The Issuer has previously issued bonds payable from the Tax Revenues (“Outstanding Bonds”). The Bonds will be issued on a parity lien to the Tax Revenues with the Outstanding Bonds. In addition, the Resolution permits the Issuer to incur additional indebtedness under certain circumstances, including Parity Obligations (defined herein) that could have a lien on the Tax Revenues on a parity with the lien securing the Bonds and the Outstanding Bonds. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Additional Obligations – Prior Lien and Parity Obligations**” herein. Such additional debt could increase the Issuer’s debt service and repayment requirement in a manner which would adversely affect debt service coverage on the Bonds.

### **The Revenue Purpose Statement**

The Act provides that a school corporation may use receipts from the Tax for school infrastructure purposes, as authorized pursuant to a Revenue Purpose Statement (the “RPS”) by the voters at a special election held for such purpose, which was held on March 2, 2021. The RPS describes the permitted uses of the tax and is effective until repealed or amended. The RPS may be amended from time to time by the voters in the District. However, the RPS may not be amended in a way that would cause the school corporation to be unable to use collections from the Tax to repay validly issued school infrastructure sales, services & use tax bonds, including the Bonds.

### **Economic Conditions**

The Tax is being collected generally on the same basis as the State of Iowa (the “State”) retail sales and services tax, subject to certain exceptions. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” herein. The Tax may not be levied on the sale of property or on any service not taxed by the State. A wide variety of economic and other conditions could cause fluctuations affecting the

volume of taxable sales and services within the State which would then affect the Issuer's receipt of the Tax revenues. The following factors, among others, may affect the economic climate of the State and the volume of taxable sales and services originated in the State (and therefore the amount of Tax revenues collected by the State and distributed to the Issuer), to an extent which cannot be determined at this time:

- 1) Global health pandemics, such as COVID-19, including the duration and scope;
- 2) Employee strikes or other adverse labor actions affecting significant employers within the State;
- 3) Increased unemployment within the State;
- 4) Population decrease or other unfavorable demographic changes in the Issuer and surrounding areas;
- 5) Decrease in the number of resident students in the Issuer;
- 6) Competition from sales and services providers located outside of the State;
- 7) The loss of local retail establishment or any decrease in the amount of sales generated in the State;
- 8) Natural disaster or catastrophes affecting significant portions of the Issuer and surrounding areas;
- 9) Delays in the collection of the Tax,
- 10) Competition from Internet based sales and services providers that are currently exempt from the Tax;
- 11) Other unforeseen competitive or economic factors or acts of God.

### **Legislative Change Related to School Choice**

The Legislature enacted and the Governor signed House File 68 (HF68) during its 2023 legislative session. HF68 establishes a standing unlimited State general fund appropriation for an Education Savings Account Fund (Fund) under the control of the Department of Education. The Fund must be used to establish individual accounts for participating pupils and to make qualified education savings account payments on behalf of parents and guardians, including payment for nonpublic school tuition, textbooks, software, fees, curriculum materials, and other similar expenses. HF68 is effective on July 1, 2023, for fiscal year ending June 30, 2024 and expands eligibility for the program each year with all students attending a nonpublic school becoming eligible beginning in fiscal year ending June 30, 2026.

The annual amount per account in the Fund is determined by the State cost per pupil (SCPP) for that fiscal year and changes each year based on the State percent of growth (SPG). For fiscal year ending 2024, the SCPP is \$7,598, which amount will be deposited into the Fund, instead of being sent to the District, for each qualifying student within the District attending a nonpublic school. HF68 provides that a District is funded in an amount of \$1,176 per student for resident pupils who attend a nonpublic school. As of October 1, 2022, 296 resident students of the District are enrolled in nonpublic schools, according to the Iowa Department of Education. If a significant number of eligible public school students in the District transition to nonpublic schools, it could have an adverse impact on the District's finances given the reduction in per student funding the District would otherwise receive.

### **Legislative Revisions of the Act**

Iowa Code Chapter 423E (the "Prior Tax") was originally enacted during the 1998 session of the Iowa General Assembly to set forth conditions under which bonds payable from a local sales and services tax may be issued, and was amended by the General Assembly on multiple occasions after its enactment. The Act was initially enacted to repeal the Prior Tax effective July 1, 2008. Most recently, when the expiration date for the Act was extended from December 31, 2029 to January 1, 2051, the General Assembly added a hearing procedure to the bond issuance process. Potential purchasers of the Bonds should recognize that the Act may be amended further while the Bonds are outstanding, and such legislation could materially revise the current provisions of the Act relating to the collection, payment, application, receipt or distribution of the Sales, Services & Use Tax revenues to the District, subject to constitutional restraints on impairment of contracts. It cannot be predicted whether or in what form any proposal might be enacted or whether if enacted, it would apply to the Bonds issued prior to enactment. Any such legislative amendments could adversely affect the District's ability to make timely payments of principal of and interest on the Bonds. Bond Counsel, Disclosure Counsel, the Financial Advisor, counsel to the Financial Advisor, the Issuer or the Underwriter do not express any opinion regarding any pending or proposed legislation related to the Act.

During the 2022 Legislative session, the Iowa General Assembly adopted and the Governor signed Senate File 2367 (the "2022 Act"), amending the Iowa Department's method of distributing Tax Revenues received: The Act requires the Department to, annually prior to August 15, estimate the amount of revenue that will be remitted to the school corporations for the fiscal year beginning each July 1. Historically, the Department was required to remit 95% of the annual estimate of Tax revenues to be remitted to the school corporations in monthly installments over the fiscal year, and was allowed to retain 5% of the estimate until the end of the fiscal year, at which time the Department would complete an audit of the actual receipts and the actual remittances of the Tax. The Department would then reconcile the difference between the actual receipts and the estimated remittances and would remit the remaining balance to the school corporations on or around November 1 for the fiscal year ending the previous July 30 (the "Reconciliation Payment"). It was possible for the Reconciliation Payment to be a negative number if actual receipts were less than expected receipts by an amount greater than 5%. The 2022 Act requires the Department to transfer monthly to each school corporation the actual amount of Tax Revenue remitted to the Department attributable to the school corporation from the preceding month. The transition to the transfer system established by the 2022 Act will occur in the first four months of fiscal year 2023, during which the Department will transfer estimated amounts of Tax Revenue attributable to each school corporation for the months of July, August, and September, 2022. Any reconciliation required for these estimated amounts to reflect the actual attributable amounts shall be made by the Department or school corporation by close of business on December 30, 2022. Beginning with the October 2022 transfer, the Department

will transfer the actual amount of Tax Revenue attributable to each school corporation for the Tax Revenue remitted in the preceding month.

The General Assembly periodically considers the creation of additional exemptions and there can be no assurance that additional sales tax exemptions will not be enacted in the future. Any such additional exemptions could materially reduce the amount of sales tax allocated to the District and adversely affect the District's ability to make timely payments of principal and interest on the Bonds.

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

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 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 every year.

Bondholders 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 Resolution.

The practical realization of any rights upon any default will depend upon the exercise of various remedies specified in the Resolution. The remedies available to the Bondholders upon an event of default under the 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 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 will result in sufficient funds to pay all amounts due under the Resolution, including principal of and interest on the Bonds.

### **Secondary Market for the Bonds**

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 bond 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.

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

### **Rating Loss**

S&P Global Ratings, a Standard and Poor's Financial Services LLC business ("S&P") 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 S&P, 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.

### **Pension and OPEB Information**

The Issuer contributes to the Iowa Public Employees' Retirement System ("IPERS"), which is a state-wide multiple-employer cost-sharing defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. All full-time employees of the Issuer are required to participate in IPERS. IPERS plan members are required to contribute a percentage of their annual salary, in addition to the Issuer being required to make annual contributions to IPERS. Contribution amounts are set by State statute. The IPERS Annual Comprehensive Financial Report for its fiscal year ended June 30, 2022 (the "IPERS ACFR"), indicates that as of June 30, 2022, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 89.50%, and the unfunded actuarial liability was approximately \$4.616 billion. The IPERS ACFR identifies the IPERS Net Pension Liability

at June 30, 2022, at approximately \$3.783 billion, while its net pension asset at June 30, 2021, was approximately \$345.2 million. The IPERS ACFR is available on the IPERS website, or by contacting IPERS at 7401 Register Drive, Des Moines, IA 50321. See “**APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**” for additional information on IPERS.

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

In fiscal year ended June 30, 2022, the Issuer’s IPERS contribution totaled approximately \$251,360. The Issuer is current in its obligations to IPERS. Pursuant to Governmental Accounting Standards Board Statement No. 68, IPERS has allocated the net pension liability among its members, with the Issuer’s identified portion at June 30, 2021, at approximately \$12,953,146. While the Issuer’s contributions to IPERS are controlled by state law, there can be no assurance the Issuer will not be required by changes in State law to increase its contribution requirement in the future, which may impact the finances of the Issuer. See “**APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER**” for additional information on pension and liabilities of the Issuer.

### **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.

### **Tax Matters, Bank Qualification and Loss of Tax Exemption**

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

The Issuer will designate the Bonds as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. However, the Issuer’s failure to comply with such covenants could cause the Bonds not to be “qualified tax-exempt obligations” and banks and certain other financial institutions would not receive more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

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

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

### **Bankruptcy and Insolvency**

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

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

### **Proposed 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. See “**TAX EXEMPTION AND RELATED CONSIDERATIONS**”

### **Risks as Employer**

The Issuer is a major employer, combining a mix of 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, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. Failure to properly maintain functionality, control, security, and integrity of the Issuer’s information systems could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. Along with significant liability claims or regulatory penalties, any security breach could have a material adverse impact on the Issuer’s operations and financial condition. The Issuer has a \$1,000,000 Cyber-Liability Policy. The Issuer cannot predict whether this policy will be sufficient in the event of a cyberattack.

### **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, 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.

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

Although the District maintains certain kinds of insurance, there can be no assurance that the District will not suffer uninsured losses in the event of damage to or destruction of the District's facilities, including the Project, due to fire or other calamity or in the event of other unforeseen circumstances.

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

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

## **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 judgment as to its ability to bear the economic risk of such an investment, and whether or not the bonds are an appropriate investment for such investor.

## **Factors Beyond Issuer's Control**

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

## **DTC-Beneficial Owners**

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

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

## **Other Factors**

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

## Summary

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

## SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

### The Tax; Collection and Remittance of the Tax

#### Authorization

In 1998, the school districts in Iowa were allowed to implement on a county-by-county basis a \$0.01 school infrastructure local option sales and services tax, pursuant to Iowa Code Chapter 423E, to be used for school infrastructure purposes, for ten-year periods. In 2008, the Iowa Legislature adopted Iowa Code Chapter 423F (the "Act") which replaced the county-by-county school infrastructure local option sales and services tax (the "Prior Tax") with a statewide \$0.01 school infrastructure sales, services and use tax (the "Tax"). Under the Act, all Prior Taxes were repealed on July 1, 2008, in favor of the new Tax to be imposed through December 31, 2029. After July 1, 2008, the use of Tax Revenues by each school district is governed by a revenue purpose statement (the "Revenue Purpose Statement") which must be approved by voters of a school district.

In 2019, House File 546 was signed into law ("2019 Act") extending the Tax from December 31, 2029 to January 1, 2051. Provisions in the 2019 Act include an increase in the amount of the tax that is dedicated toward property tax relief, among others, under specific conditions related to the overall annual growth in the Tax, additional public hearing processes, expanded definition of "school infrastructure" and voter re-approval required for revenue purpose statements. Under the 2019 Act, an existing Revenue Purpose Statement approved by the voters of a school district before July 1, 2019 shall terminate on January 1, 2031 or the expiration date contained in the current RPS, whichever is earlier.

The voters of the Issuer approved a new RPS at an election held on March 2, 2021, which is valid through January 1, 2051. Revenues from the Tax may be used as specified in the resolution authorizing the Bonds and any prior bonds, if any, or for any other purpose described in the RPS.

#### Issuance of Bonds

Under provisions of the Act and under Iowa Code Chapter 423E, school corporations are authorized to issue sales tax revenue bonds payable from the collection of such tax for certain purposes, and for certain periods of time, as set forth in the Act. A school district receiving Tax Revenues may issue bonds in anticipation of the collection of Tax Revenues and may pledge irrevocably an amount of Tax Revenues for each of the years the bonds remain outstanding to the payment of such bonds. Bonds may be issued only for one or more of the purposes set forth on the Revenue Purpose Statement as approved by the electors of the District. Prior to the issuance of sales tax revenue bonds, school districts must hold a public hearing on the proposal to issue such bonds and must publish a notice of hearing not less than ten (10) nor more than twenty (20) days prior to such hearing. If a valid petition is received prior to fifteen (15) days of the public hearing calling for an election on the bonds, the school district must either submit the bond proposition to an election of the voters or abandon the issuance of bonds.

The District held its hearing on September 20, 2021. No petition was filed.

#### Imposition and Collection

The Tax is imposed on the same basis as the State of Iowa's (the "State") other sales, services and use taxes under Iowa Code Chapter 423, subchapters II and III. See "Legislative Revisions of the Act" included in "**BONDHOLDERS' RISKS**".

The Tax is collected by the retailers in the State and remitted at the end of each calendar month to the State. The Department remits the tax to the school corporations on the last day of the next month. Prior to September, 2022, The Act required the Department to, annually prior to August 15, estimate the amount of revenue that will be remitted to the school corporations for the fiscal year beginning each July 1, and to remit 95% of the annual estimate to the school corporations in monthly installments over the fiscal year, retaining 5% of the estimate until the end of the fiscal year, at which time the Department completes an audit of the actual receipts and the actual remittances of the Tax. After September, 2022, the 2022 Act requires the Department to, annually prior to August 15, estimate the amount of revenue that will be remitted to the school corporations for the fiscal year beginning each July 1, and to transfer monthly to each school corporation the actual amount of Tax Revenue remitted to the Department attributable to the school corporation from the preceding month. The transition to the transfer system established by the 2022 Act will occur in the first four months of fiscal year 2023, during which the Department will transfer estimated amounts of Tax Revenue attributable to each school corporation for the months of July, August, and September, 2022. Beginning with the October 2022 transfer, the Department will transfer the actual amount of Tax Revenue attributable to each school corporation for the Tax Revenue remitted in the preceding month.

The Tax is remitted to each school corporation in the State based on actual enrollment for the fiscal year in question. The actual enrollment for a fiscal year is determined by a count of those students registered to attend the school corporation as of the first Friday of the previous October (as amended from time to time in the future by the Legislature). Each school corporation receives an equal amount of revenue from the Tax,

per student, and all taxes collected under the Tax will be remitted to each school corporation based on their actual enrollment as a percentage of the total enrollment in the State.

With the extension of the Tax from December 31, 2029, to January 1, 2051, a change to the calculation of the remittance to schools was made. Previously, an annual allocation of 2.1% of available revenues were diverted to the Property Tax Equity Relief fund (“PTER”). Effective July 1, 2019, that amount increased to 3.1% and allows for an annual increase of 1.0% each subsequent year if the growth in total Tax revenues per year exceed 2.0%. For example, if Fiscal Year 2020 Tax revenues actually grow at 4.0%, there will be a 1.0% increase in the distribution amount to the PTER fund, making that amount 4.1% instead of 3.1% and passing on to the schools 3.0% instead of 4.0% growth. In any given year, if the annual growth of the Tax revenues is less than 2.0%, no additional amount will be diverted to the PTER fund. The maximum amount of Tax dollars that can be diverted is 30.0%. The amounts diverted now to the PTER fund will be divided among schools in two categories: one portion being shared by schools above the statewide average base tax levy rate, and the other portion shared by all schools equally. The 2019 legislation also created a category of annual competitive grant funds that will be administered through the State Department of Education for career academy infrastructure and equipment. The fund was established with \$1.0 million available in FY2020, and the fund may grow when the prior fiscal year’s growth rate exceeds 2.5%. The maximum annual amount that could be diverted in the future to this career academy fund would be \$5.0 million.

**The Minimum Tax Distribution**

Pursuant to the Act, each school corporation receives a minimum distribution under the Tax. The minimum amount to be received by a school corporation shall be the lesser of the factor of amount of the Tax collected in the county in which the tax is levied multiplied by the school corporation’s portion of the total enrollment in the county in question, or the statewide average collection per pupil.

**CURRENT STATEWIDE RECEIPTS OF THE TAX – AVERAGE PER PUPIL RECEIPTS (5)**

<u>Fiscal Year</u>	<u>Statewide Disbursements (1)(2) (4)</u>	<u>Statewide Enrollment (3)</u>	<u>Average Revenue per Student</u>
2018	471,365,664	485,147	971.59
2019	483,940,176	486,264	995.22
2020	505,593,619	487,652	1,036.79
2021	499,356,866	490,094	1,111.60
2022	540,480,658	484,159	1,228.61
2023	598,208,742	485,630	1,231.82

- (1) Fiscal Year 2023 is preliminary, subject to change, as provided by the Department of Revenue, State of Iowa.
- (2) Historical Payments through 2022 as provided by the Department of Revenue, State of Iowa
- (3) Statewide Enrollment count is from the Prior October Count (i.e. the October 1, 2021 count is used for Fiscal Year 2023)
- (4) Revenue calculations are provided on an accrual basis
- (5) FY2023 revenue per pupil as provided by the State of Iowa Department of Revenue at \$1,231.82 pursuant to Iowa Code section 423E.4(2)(a), as amended from time to time. Total aggregate statewide revenue has not been made available by the Department at this time. Therefore, the October 1, 2021 Certified Enrollment Count multiplied by the revenue per pupil (provided by the Department) is being utilized as a proxy for FY2023 Total Revenues

**ESTIMATED RECEIPTS OF THE TAX AVAILABLE FOR DISTRIBUTION – PER PUPIL BASIS (4)**

See important footnote 5 below for FY23 Total Revenue discussion

Table I: Assuming No Growth in Statewide Revenues & No Enrollment Changes (4)

<u>Fiscal Year (6/30)</u>	<u>Total Revenues (1)</u>	<u>Total Enrollment (3)</u>	<u>Average Per Student</u>
2022	594,840,687	484,159	1,229
2023 & thereafter	598,208,742	485,630	1,231.82

Table II: Assuming Growth in Statewide Revenues & No Enrollment Changes

<u>Fiscal Year (6/30)</u>	<u>Total Revenues (1)(2)</u>	<u>Total Enrollment (3)</u>	<u>Average Per Student</u>
2024	607,181,873	485,630	1,250
2025	616,289,601	485,630	1,269
2026	625,533,945	485,630	1,288
2027	634,916,955	485,630	1,307
2028	644,440,709	485,630	1,327
2029	654,107,319	485,630	1,347
2030	663,918,929	485,630	1,367
2031	673,877,713	485,630	1,388
2032	683,985,879	485,630	1,408
2033	694,245,667	485,630	1,430
2034	704,659,352	485,630	1,451
2035	715,229,242	485,630	1,473
2036	725,957,681	485,630	1,495
2037	736,847,046	485,630	1,517
2038	747,899,752	485,630	1,540
2039	759,118,248	485,630	1,563
2040	770,505,022	485,630	1,587
2041	782,062,597	485,630	1,610
2042	793,793,536	485,630	1,635
2043	805,700,439	485,630	1,659
2044	817,785,946	485,630	1,684
2045	830,052,735	485,630	1,709
2046	842,503,526	485,630	1,735
2047	855,141,079	485,630	1,761
2048	867,968,195	485,630	1,787
2049	880,987,718	485,630	1,814
2050	894,202,534	485,630	1,841
2051	453,807,786	485,630	1,869

- (1) Effective July 1, 2019 the Tax expires January 1, 2051 and schools will receive revenues for only one-half of FY2051
- (2) The assumption for growth in retail sales is based on an estimated growth rate of 1.50%. The statewide average percentage increases on a 25-year, 10-year, and 5-year historical basis were 2.564%, 1.835%, and 2.285% respectively.
- (3) No Change in enrollment from the October 1, 2022 Certified Enrollment Count, which is used for FY2024 Revenue/Pupil Calculations
- (4) Revenue calculations are provided on an accrual basis and not cash basis.
- (5) FY2023 revenue per pupil as provided by the State of Iowa Department of Revenue at \$1,231.82 pursuant to Iowa Code section 423E.4(2)(a), as amended from time to time. Total aggregate statewide revenue has not been made available by the Department at this time. Therefore, the October 1, 2021 Certified Enrollment Count multiplied by the revenue per pupil (provided by the Department) is being utilized as a proxy for FY2023 Total Revenues.

**CALCULATIONS OF FISCAL YEAR TOTAL COLLECTIONS**

Beginning October 1, 2022, the 2022 Act required the State of Iowa to pay the school districts in the State an amount equal to 100% of the actual amount received multiplied by the individual school district’s enrollment as a percentage of total statewide school enrollment. The Department is obligated to estimate revenues as of each August 15 of the fiscal year beginning July 1 and provide that revenue estimate to the school districts in the State, for planning purposes.

### Historic Resident Enrollment in the School District (1)

<u>Count Date</u>	<u>Fiscal Year</u>	<u>Enrollment</u>
October-13	2014-15	2,226.3
October-14	2015-16	2,255.4
October-15	2016-17	2,213.3
October-16	2017-18	2,141.4
October-17	2018-19	2,143.6
October-18	2019-20	2,109.3
October-19	2020-21	2,092.8
October-20	2021-22	2,079.5
October-21	2022-23	2,046.4
October-22	2023-24	2,102.1

### Actual Historic Sales, Services & Use Tax Receipts (2)

Presented below is a table illustrating the actual Sales, Services & Use Tax receipts of the District for the period indicated:

<u>Fiscal Year</u>	<u>Collected</u>
2000	382,544
2001	1,245,592
2002	1,561,831
2003	1,435,808
2004	1,611,631
2005	1,482,851
2006	1,466,000
2007	1,702,960
2008	1,622,097
2009	1,822,855
2010	1,834,826
2011	1,732,136
2012	1,952,702
2013	1,866,866
2014	1,851,764
2015	2,154,778
2016	2,125,866
2017	2,121,673
2018	2,010,265
2019	2,187,147
2020	2,167,491
2021	2,108,328
2022	2,504,163
2023	2,690,669

(1) Enrollment was counted on October 1, 2022, which is used for fiscal purposes, including the distribution of Tax Revenues, for the fiscal year starting July 1, 2023 and ending June 30, 2024.

(2) FY23 is preliminary, subject to change

**Estimated Future Sales, Services & Use Tax Receipts (4) (5)**

Presented below is a table illustrating the estimated receipts of the Tax for the periods indicated, using the assumptions noted below:

<u>Fiscal Year</u>	<u>Without Growth (1)(3)</u>	<u>With Growth (2)(3)</u>
2024	2,581,177	2,611,925
2025	2,589,356	2,659,406
2026	2,589,356	2,699,297
2027	2,589,356	2,739,787
2028	2,589,356	2,780,884
2029	2,589,356	2,822,597
2030	2,589,356	2,864,936
2031	2,589,356	2,907,910
2032	2,589,356	2,951,528
2033	2,589,356	2,995,801
2034	2,589,356	3,040,738
2035	2,589,356	3,086,350
2036	2,589,356	3,132,645
2037	2,589,356	3,179,634
2038	2,589,356	3,227,329
2039	2,589,356	3,275,739
2040	2,589,356	3,324,875
2041	2,589,356	3,374,748
2042	2,589,356	3,425,369
2043	2,589,356	3,476,750
2044	2,589,356	3,528,901
2045	2,589,356	3,581,835
2046	2,589,356	3,635,562
2047	2,589,356	3,690,096
2048	2,589,356	3,745,447
2049	2,589,356	3,801,629
2050	1,769,393	2,632,973

- (1) Assumes revenue per pupil as outlined in “ESTIMATED RECEIPTS OF THE TAX AVAILABLE FOR DISTRIBUTION – PER PUPIL BASIS – Table I” herein
- (2) Assumes revenue per pupil increase as outlined in “ESTIMATED RECEIPTS OF THE TAX AVAILABLE FOR DISTRIBUTION – PER PUPIL BASIS – Table II” herein
- (3) Assumes no enrollment decline or increase of students per year from October 1, 2022 count used for Fiscal Year 2024
- (4) See footnote (1) on page 10
- (5) Preliminary, subject to change

**Estimated Debt Service on the Bonds and the Parity Bonds (1)**

	Existing Principal	Existing Interest	The Bonds Principal	The Bonds Interest	Combined Total Principal	Existing & Total Interest	Proposed Total P&I
6/1/24	0	451,345	0	460,833	0	912,178	912,178
6/1/25	0	451,345	1,135,000	395,000	1,135,000	846,345	1,981,345
6/1/26	0	451,345	1,180,000	349,600	1,180,000	800,945	1,980,945
6/1/27	0	451,345	1,225,000	302,400	1,225,000	753,745	1,978,745
6/1/28	0	451,345	1,275,000	253,400	1,275,000	704,745	1,979,745
6/1/29	555,000	451,345	770,000	202,400	1,325,000	653,745	1,978,745
6/1/30	1,315,000	440,245	50,000	171,600	1,365,000	611,845	1,976,845
6/1/31	1,340,000	413,945	55,000	169,600	1,395,000	583,545	1,978,545
6/1/32	1,365,000	387,145	60,000	167,400	1,425,000	554,545	1,979,545
6/1/33	1,385,000	359,845	70,000	165,000	1,455,000	524,845	1,979,845
6/1/34	1,420,000	332,145	65,000	162,200	1,485,000	494,345	1,979,345
6/1/35	1,455,000	298,545	65,000	159,600	1,520,000	458,145	1,978,145
6/1/36	1,480,000	264,145	80,000	157,000	1,560,000	421,145	1,981,145
6/1/37	1,525,000	229,295	70,000	153,800	1,595,000	383,095	1,978,095
6/1/38	1,560,000	193,345	75,000	151,000	1,635,000	344,345	1,979,345
6/1/39	1,600,000	156,645	75,000	148,000	1,675,000	304,645	1,979,645
6/1/40	1,625,000	119,045	90,000	145,000	1,715,000	264,045	1,979,045
6/1/41	1,670,000	81,045	85,000	141,400	1,755,000	222,445	1,977,445
6/1/42	1,705,000	40,890	95,000	138,000	1,800,000	178,890	1,978,890
6/1/43	0	0	1,845,000	134,200	1,845,000	134,200	1,979,200
6/1/44	0	0	1,510,000	60,400	1,510,000	60,400	1,570,400
	20,000,000	6,024,350	9,875,000	4,187,833	29,875,000	10,212,183	40,087,183

**Estimated Debt Service and Coverage on the Bonds**

Presented below is the annual debt service requirement and estimated coverage on the Bonds, on a cash basis:

Period Ending June 30	(1) Combined P&I	(2)(3)(5) Estimated Collection	(5) Estimated Coverage	(4)(5) Estimated Collection	(5) Estimated Coverage
2024	912,178	2,581,177	2.83	2,611,925	2.86
2025	1,981,345	2,589,356	1.31	2,659,406	1.34
2026	1,980,945	2,589,356	1.31	2,699,297	1.36
2027	1,978,745	2,589,356	1.31	2,739,787	1.38
2028	1,979,745	2,589,356	1.31	2,780,884	1.40
2029	1,978,745	2,589,356	1.31	2,822,597	1.43
2030	1,976,845	2,589,356	1.31	2,864,936	1.45
2031	1,978,545	2,589,356	1.31	2,907,910	1.47
2032	1,979,545	2,589,356	1.31	2,951,528	1.49
2033	1,979,845	2,589,356	1.31	2,995,801	1.51
2034	1,979,345	2,589,356	1.31	3,040,738	1.54
2035	1,978,145	2,589,356	1.31	3,086,350	1.56
2036	1,981,145	2,589,356	1.31	3,132,645	1.58
2037	1,978,095	2,589,356	1.31	3,179,634	1.61
2038	1,979,345	2,589,356	1.31	3,227,329	1.63
2039	1,979,645	2,589,356	1.31	3,275,739	1.65
2040	1,979,045	2,589,356	1.31	3,324,875	1.68
2041	1,977,445	2,589,356	1.31	3,374,748	1.71
2042	1,978,890	2,589,356	1.31	3,425,369	1.73
2043	1,979,200	2,589,356	1.31	3,476,750	1.76
2044	1,570,400	2,589,356	1.65	3,528,901	2.25

- (1) Represents Debt Service on the Outstanding Bonds and the estimated Debt Service on the Bonds. Preliminary, subject to change
- (2) Assumes no enrollment decline or increase of students per year from October 1, 2022 count used for Fiscal Year 2024
- (3) Assumes revenue per pupil as outlined in "ESTIMATED RECEIPTS OF THE TAX AVAILABLE FOR DISTRIBUTION – PER PUPIL BASIS – Table I" herein and District receipt estimates as outlined in "ESTIMATED FUTURE SALES, SERVICES & USE TAX RECEIPTS"
- (4) Assumes revenue per pupil as outlined in "ESTIMATED RECEIPTS OF THE TAX AVAILABLE FOR DISTRIBUTION – PER PUPIL BASIS – Table II" herein and District receipt estimates as outlined in "ESTIMATED FUTURE SALES, SERVICES & USE TAX RECEIPTS"
- (5) See footnote (1) on page 10

## Summary of Bond Resolution

Definitions. The following terms with or without capitalization shall have the following meanings in this Resolution unless the text expressly or by necessary implication requires otherwise:

- "Act" shall mean Iowa Code Chapters 423E and 423F, as from time to time amended and supplemented.
- "Additional Bonds" shall mean any school infrastructure sales, services and use tax revenue bonds issued on a parity with the Bonds in accordance with the provisions of this Resolution.
- "Authorized Denominations" shall mean \$5,000 or any integral multiple thereof.
- "Bond(s)" shall mean \$ \_\_\_\_\_ School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2023, authorized to be issued by this Resolution.
- "Bond Fund" shall mean the Sinking Fund.
- "Bond Proceeds" shall mean the amount actually received from the sale of the Bonds and paid to the Issuer on the Closing Date.
- "Closing Date" shall mean the date of the delivery of the Bonds in exchange for the agreed upon purchase price.
- "Debt Service Fund" shall mean the Sinking Fund.
- "Economic Refunding" shall mean the sale and issuance of refunding bonds issued to discharge and satisfy all or a part of the Bonds or the outstanding Parity Bonds in accordance with Section 20 of the Resolution, and to pay costs of issuance. The refunding must (i) produce annual debt service on the refunding bonds not greater than the total (remaining) debt service on the refunded bonds; (ii) shall not have a payment in any Fiscal Year (through maturity of the new bonds) that is greater than the payment on the Bonds or outstanding Parity Bonds being refunded, and (iii) shall not extend the final maturity of the last maturity of the refunded bonds.
- "Fiscal Year" shall mean the twelve-month period beginning on July 1 of each year and ending on the last day of June of the following year, or any other consecutive twelve-month period adopted by the Governing Body or by law as the official accounting period of the Issuer. Requirements of a Fiscal Year as expressed in this Resolution shall exclude any payment of principal or interest falling due on the first day of the Fiscal Year and include any payment of principal or interest falling due on the first day of the succeeding Fiscal Year, except to the extent of any conflict with the terms of the Outstanding Bonds while the same remain outstanding.
- "Governing Body" shall mean the Board of Directors of the School District.
- "Independent Auditor" shall mean an independent firm of Certified Public Accountants, an independent financial consultant, placement agent, or the Auditor of State.
- "Issuer" and "School District" shall mean the Fort Madison Community School District.
- "Outstanding Bonds" shall mean the \$10,000,000 School Infrastructure Sales, Services, and Use Tax Revenue Bonds, Series 2021, dated December 20, 2021 ("Series 2021 Bonds"), issued in accordance with the Prior Bond Resolution, all of which bonds are still outstanding and unpaid and remain a lien on the School Infrastructure Tax Revenues; and the \$10,000,000 School Infrastructure Sales, Services, and Use Tax Revenue Bonds, Series 2022 ("Series 2022 Bonds"), issued in accordance with the Prior Bond Resolution, all of which bonds are still outstanding and unpaid and remain a lien on the School Infrastructure Tax Revenues.
- "Parity Bonds" shall mean School Infrastructure Sales, Services and Use Tax Revenue Bonds, notes or other obligations payable solely from the School Infrastructure Tax Revenues on an equal basis with the Bonds herein authorized to be issued and shall include Additional Bonds as authorized to be issued under the terms of this Resolution.
- "Paying Agent" shall mean UMB Bank, N.A., or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein as Issuer's agent to provide for the payment of principal of and interest on the Bonds as the same shall become due.
- "Prior Bond Resolution" shall mean a certain resolution adopted by the Issuer on December 6, 2021, authorizing the issuance of the outstanding Series 2021 Bonds; and on March 7, 2022, authorizing the issuance of the outstanding Series 2022 Bonds.
- "Project" shall mean a school infrastructure project as authorized by the electors at the election held March 2, 2021 and the Act,

including renovate, remodel, repair, improve, furnish and equip and to construct, furnish, and equip additions to the existing high school and middle school buildings and improve those sites.

- "Project Fund" shall mean the fund required to be established by this Resolution for the deposit of the proceeds of the Bonds.
- "Rebate Fund" shall mean the rebate fund so defined in and established pursuant to the Tax Exemption Certificate and as provided in Section 21 of this Resolution.
- "Registrar" shall mean UMB Bank, N.A. of West Des Moines, Iowa, or such successor as may be approved by Issuer as provided herein and who shall carry out the duties prescribed herein with respect to maintaining a register of the owners of the Bonds. Unless otherwise specified, the Registrar shall also act as Transfer Agent for the Bonds.
- "Reserve Fund" shall mean the reserve fund established in Section 16 of this Resolution.
- "Reserve Fund Requirement" shall mean an amount equal to the lesser of (a) the maximum amount of the principal and interest coming due on the Outstanding Bonds, the Bonds, and any Additional Bonds secured by the Reserve Fund; (b) 10% of the stated principal amount of the Outstanding Bonds, the Bonds and any Additional Bonds secured by the Reserve Fund (for issues with original issue discount the issue price as defined in the Tax Exemption Certificate shall be substituted for the stated principal amount) or (c) 125% of the average principal and interest coming due on the Outstanding Bonds, the Bonds and any Additional Bonds secured by the Reserve Fund. For purposes of this definition: (1) "issue price" shall be substituted for "stated principal amount" for issues with original issue discount or original issue premium of more than a de minimus amount and (2) stated principal amount shall not include any portion of an issue refunded or advance refunded by a subsequent issue.
- "Revenue Fund" shall mean the revenue fund established in Section 16 of this Resolution.
- "School Infrastructure Tax" shall mean the School District's portion of the one percent (1%) sales, services and use tax imposed by the State of Iowa for school infrastructure purposes which must be deposited into the State Secure an Advanced Vision for Education Fund and distributed to the School District pursuant to Iowa Code Section 423F.2, as amended.
- "School Infrastructure Tax Revenues" shall mean all of the revenues received by the School District in each Fiscal Year from the imposition of the School Infrastructure Tax (including, without limitation, any revenues received by the School District from interest and penalties on delinquent collections of the School Infrastructure Tax).
- "Secretary" shall mean the Secretary of the Board of Directors of the School District, or such other officer of the successor Governing Body as shall be charged with substantially the same duties and responsibilities.
- "Sinking Fund" shall mean the sinking fund established in Section 16 of this Resolution.
- "State" shall mean the State of Iowa.
- "Tax Exemption Certificate" shall mean the Tax Exemption Certificate executed by the Secretary and delivered at the time of issuance and delivery of the Bonds.
- "Treasurer" shall mean the Treasurer of the School District or such other officer as shall succeed to the same duties and responsibilities with respect to the recording and payment of the Bonds issued hereunder.
- "Yield Restricted" shall mean any amount required to be invested at a yield that is not materially higher than the yield on the Bonds under Section 148(a) of the Internal Revenue Code or regulations issued thereunder.

Application of Bond Proceeds - Project Fund. Proceeds of the Bonds shall be applied as follows:

- An amount equal to accrued interest shall be deposited in the Sinking Fund for application to the first payment of interest on the Bonds.
- An amount sufficient to meet the Reserve Fund Requirement shall be deposited in the Reserve Fund.
- There is hereby created a Project Fund, to be held by the Issuer, into which the Bond Proceeds shall be deposited and expended therefrom to pay costs of the Project and costs of issuance. Any amounts on hand in the Project Fund shall be available for the payment of the principal of or interest on the Bonds at any time that other School Infrastructure Tax Revenues shall be insufficient to the purpose, in which event such funds shall be repaid to the Project Fund at the earliest opportunity. Any balance on hand in the

Project Fund and not immediately required for its purposes may be invested not inconsistent with limitations provided by law, the Internal Revenue Code and this Resolution.

Application of School Infrastructure Tax Revenues. The provisions of the Prior Bond Resolution are ratified and confirmed. Nothing in the Resolution shall be construed to impair the rights vested in the Outstanding Bonds. The amounts required to be paid into the various funds named in this Section shall be inclusive of payments required in respect to the Outstanding Bonds. The provisions of the Prior Bond Resolution authorizing the Outstanding Bonds and the provisions of the Resolution are to be construed wherever possible so that the same will not be in conflict. In the event such construction is not possible, the provisions of the Prior Bond Resolution shall prevail until such time as the Outstanding Bonds authorized by said Prior Bond Resolution have been paid in full or otherwise satisfied as therein provided at which time the provisions of the Resolution shall again prevail.

As long as any of the Outstanding Bonds, the Bonds or Parity Bonds shall be outstanding and unpaid either as to principal or interest, or until all of the Outstanding Bonds, Bonds and any Parity Bonds then outstanding shall have been discharged and satisfied in the manner provided in the Resolution, all of the receipts of the School Infrastructure Tax Revenues shall be deposited as collected with the Issuer in a special fund to be known as the Fort Madison Community School District School Infrastructure Sales and Services Tax Revenue Fund (the "Revenue Fund"), to be held by the Issuer and shall be disbursed in the following priority and only as follows:

Sinking Fund. The provisions in the Prior Bond Resolution, whereby there was created and is to be maintained a Sinking Fund, to be held by or on behalf of the Issuer and for the monthly payment into said fund from future School Infrastructure Tax Revenues such portion thereof as will be sufficient to meet the principal and interest of the Outstanding Bonds are ratified and confirmed; provided, however, that the amounts to be set aside and paid into the Sinking Fund in equal monthly installments from the School Infrastructure Tax Revenues shall be sufficient to pay the principal and interest due each year, not only on the Outstanding Bonds, but also the principal and interest of the Bonds. The required amount to be deposited in the Sinking Fund in any month shall be the equal monthly amount necessary to pay in full the installment of interest coming due on the next interest payment date on the Outstanding Bonds, and the then outstanding Bonds and Parity Bonds plus the equal monthly amount necessary to pay in full the installment of principal coming due on such Outstanding Bonds, and then outstanding Bonds and Parity Bonds on the next succeeding principal payment date until the full amount of such installment is on hand. If for any reason the amount on hand in the Sinking Fund exceeds the required amount, the excess shall forthwith be withdrawn and paid into the Revenue Fund. Money in the Sinking Fund shall be used solely for the purpose of paying principal of and interest on the Outstanding Bonds, the Bonds and Parity Bonds as the same shall become due and payable. Accrued interest, if any, shall be deposited in the Sinking Fund.

Reserve Fund. The provisions in the Prior Bond Resolution whereby there was created and is to be maintained a debt service reserve in an amount equal to the Reserve Fund Requirement for the Outstanding Bonds which shall be held by or on behalf of the Issuer is ratified and confirmed, and all such provisions inure to the Bonds and any Additional Bonds, if required. In each month there shall be deposited in the Reserve Fund an amount equal to one hundred percent of the amount required by the Prior Bond Resolution and by the Resolution to be deposited in such month in the Reserve Fund; provided, however, that when the amount on deposit in the Reserve Fund shall be not less than the Reserve Fund Requirement, no further deposits shall be made into the Reserve Fund except to maintain such level, and when the amount on deposit in the Reserve Fund is greater than the balance required above, such additional amounts shall be withdrawn and paid into the Revenue Fund. Money in the Reserve Fund shall be used solely for the purpose of paying principal at maturity of or interest on the Outstanding Bonds, the Bonds and any Additional Bonds, if required, for the payment of which insufficient money shall be available in the Sinking Fund. Whenever it shall become necessary to so use money in the Reserve Fund, the payments required above shall be continued or resumed until it shall have been restored to the required minimum amount. On the Closing Date, \$ \_\_\_\_\_ shall be deposited in the Reserve Fund. A future Reserve Fund subaccount may be established for Additional Bonds to secure the repayment of such Additional Bonds at the option of the Issuer and the terms and conditions of the purchase of such Additional Bonds. In lieu of maintaining and depositing moneys in the Reserve Fund, the Issuer may hold on deposit in the Reserve Fund a letter of credit, surety bond or similar instrument issued by a bank, insurance company or other financial institution in an amount equal to the Reserve Fund Requirement.

Subordinate Obligations. Money in the Revenue Fund may next be used to pay principal of and interest on (including reasonable reserves therefor) any other obligations which by their terms shall be payable from the School Infrastructure Tax Revenues, but subordinate to the Outstanding Bonds, Bonds and Parity Bonds.

Surplus Revenue. Any remaining money may be used to pay or redeem any of the Outstanding Bonds, Bonds or Parity Bonds or may be used for any lawful purpose.

Investments. Moneys on hand in the Project Fund and all of the funds provided by the Resolution may be invested only in Permitted Investments or deposited in financial institutions which are members of the Federal Deposit Insurance Corporation, or its equivalent successor, and the deposits in which are insured thereby and all such deposits exceeding the maximum amount insured from time to time by FDIC or its equivalent successor in any one financial institution shall be continuously secured in compliance with the State Sinking Fund provided under Iowa Code Chapter 12C, or otherwise by a valid pledge of direct obligations of the United States Government having an equivalent market value. All investments shall mature before the date on which the moneys are required for the purposes for which the fund was created or otherwise as herein provided but in no event maturing in more than three years in the case of the Reserve Fund.

All income derived from such investments in the Revenue Fund shall be regarded as School Infrastructure Tax Revenues. Earnings on investments of the Project Fund shall be deposited in and expended from the Project Fund.

Amendment of Resolution Without Consent. The Issuer may, without the consent of or notice to any of the holders of the Bonds and Parity Bonds, amend or supplement the Resolution for any one or more of the following purposes:

- to cure any ambiguity, defect, omission or inconsistent provision in the Resolution or in the Bonds or Parity Bonds; or to comply with any applicable provision of law or regulation of federal or state agencies; provided, however, that such action shall not materially adversely affect the interests of the holders of the Bonds or Parity Bonds;
- to change the terms or provisions of the Resolution to the extent necessary to prevent the interest on the Bonds or Parity Bonds from being includable within the gross income of the holders thereof for federal income tax purposes;
- to grant to or confer upon the holders of the Bonds or Parity Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the bondholders;
- to add to the covenants and agreements of the Issuer contained in the Resolution other covenants and agreements of, or conditions or restrictions upon, the Issuer or to surrender or eliminate any right or power reserved to or conferred upon the Issuer in the Resolution; or
- to subject to the lien and pledge of the Resolution additional pledged revenues as may be permitted by law.

Amendment of Resolution Requiring Consent. The Resolution may be amended from time to time if such amendment shall have been consented to by holders of not less than two-thirds in principal amount of the Bonds and Parity Bonds at any time outstanding (not including in any case any bonds which may then be held or owned by or for the account of the Issuer, but including such refunding bonds as may have been issued for the purpose of refunding any of such bonds if such refunding bonds shall not then be owned by the Issuer); but the Resolution may not be so amended in such manner as to:

- Make any change in the maturity or interest rate of the Bonds, or modify the terms of payment of principal of or interest on the Bonds or any of them or impose any conditions with respect to such payment;
- Materially affect the rights of the holders of less than all of the Bonds and Parity Bonds then outstanding; and
- Reduce the percentage of the principal amount of Bonds, the consent of the holders of which is required to affect a further amendment.

Prior Lien and Parity Bonds; Subordinate Obligations. So long as the Outstanding Bonds are outstanding and remain a lien on the School Infrastructure Tax Revenues, Section 20 of the Prior Bond Resolution shall apply; and, thereafter, and so long as the Bonds are outstanding and remain a lien on the School Infrastructure Tax Revenues, this Section shall apply.

The Issuer will issue no other Additional Bonds or obligations of any kind or nature payable from or enjoying a lien or claim on the School Infrastructure Tax Revenues having priority over the Bonds or Parity Bonds.

Additional Bonds may be issued on a parity and equality of rank with the Bonds and any Parity Bonds with respect to the lien and claim of such Additional Bonds to the School Infrastructure Tax Revenues and the money on deposit in the funds adopted by this Resolution, for the following purposes and under the following conditions, but not otherwise:

- a) For the purpose of refunding any of the Bonds or Parity Bonds outstanding so long as the refunding is an Economic Refunding, without complying with subsection (b) below.
- b) For the purpose of refunding any Bonds or Parity Bonds outstanding, or for other lawful purposes, provided that, before any such Additional Bonds ranking on a parity are issued, there will have been procured and filed with the Secretary, a statement of an Independent Auditor reciting the opinion based upon necessary investigations that the School Infrastructure Tax Revenues for the preceding Fiscal Year (with adjustments as hereinafter provided) were equal to at least 1.30 times the maximum amount that will be required in any Fiscal Year for the payment of both principal of and interest on all Bonds or Parity Bonds then outstanding which are payable from the School Infrastructure Tax Revenues and the Additional Bonds then proposed to be issued.

For the purpose of determining the School Infrastructure Tax Revenues for the preceding Fiscal Year, the amount of the revenues for such year may be adjusted by the Independent Auditor to reflect: (1) any revision of the rate of the School Infrastructure Tax as if such revision had been in effect during all of such preceding Fiscal Year; and (2) the current level at which the State funds the Statewide Average Revenue Per Student then in effect for the year in which the Additional Bonds are issued. For the purpose of determining the

School Infrastructure Tax Revenues for the preceding Fiscal Year, the amount of revenues for such year may be adjusted by the Independent Auditor to reflect the most recent certified enrollment count of students for the School District.

- c) the Additional Bonds must be payable as to principal and as to interest on the same month and day as the Bonds herein authorized.
- d) for the purposes of this Section, principal and interest falling due on the first day of a Fiscal Year shall be deemed a requirement of the immediately preceding Fiscal Year.
- e) the Reserve Fund for the Outstanding Bonds, the Bonds and Additional Bonds, if required, must be fully funded as of the date of issue of the Additional Bonds.

The Issuer may not issue any bonds, notes, or other obligations that are subordinate to the Bonds ("Subordinate Obligations") unless it has obtained a statement of an Independent Auditor reciting the opinion based upon necessary investigations that the School Infrastructure Tax Revenues for the preceding Fiscal Year (with adjustments as provided in paragraph (b)(i) of this Section) were at least equal to the maximum amount that will be required in any Fiscal Year for both principal of and interest on all Bonds, Parity Bonds, or Subordinate Obligations then outstanding which are payable from School Infrastructure Tax Revenues and the bonds, notes, or other obligations then proposed to be issued.

Discharge and Satisfaction of Bonds. The covenants, liens and pledges entered into, created or imposed pursuant to the Resolution may be fully discharged and satisfied with respect to the Bonds and Parity Bonds, or any of them, in any one or more of the following ways:

- By paying the Bonds or Parity Bonds when the same shall become due and payable; and
- By depositing in trust with the Treasurer, or with a corporate trustee designated by the Governing Body for the payment of said obligations and irrevocably appropriated exclusively to that purpose an amount in cash or direct obligations of the United States the maturities and income of which shall be sufficient to retire at maturity, or by redemption prior to maturity on a designated date upon which said obligations may be redeemed, all of such obligations outstanding at the time, together with the interest thereon to maturity or to the designated redemption date, premiums thereon, if any that may be payable on the redemption of the same; provided that proper notice of redemption of all such obligations to be redeemed shall have been previously published or provisions shall have been made for such publication.

Upon such payment or deposit of money or securities, or both, in the amount and manner provided above, all liability of the Issuer with respect to the Bonds or Parity Bonds shall cease, determine and be completely discharged, and the holders thereof shall be entitled only to payment out of the money or securities so deposited.

**THE PROJECT**

The Bonds are being issued to (i) provide funds to renovate, repair, and improve, and to construct additions to the high school and middle school buildings and improve the sites; (ii) fund the Reserve Fund; and (iii) pay costs of issuance for the Bonds.

**Estimated Sources & Uses of Funds (\*)**

SOURCES OF FUNDS	Bond Proceeds Original Reoffering Premium
TOTAL SOURCES	
USES OF FUNDS	Issuance Costs Reserve Fund Underwriters Discount Contingency
TOTAL USES OF FUNDS	

\* Preliminary, subject to change

**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, with interest payable on June 1 and December 1 in each year, beginning on December 1, 2023, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by electronic means, 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 a 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 Iowa Code, Chapters 423E.5 and 423F. See “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**” herein.

### **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 the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests 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 interests 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 DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine

by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 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, 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 the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as 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 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 a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

### **Transfer and Exchange**

In the event that 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 Bond Registrar for a like aggregate principal amount of Bonds or other authorized denominations of the same maturity and interest rate; provided, however, that the Bond 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 Bond 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 Bond Registrar and shall not be redelivered.

### **Redemption \***

Optional Redemption. All of the Bonds are subject to prepayment at the option of the Issuer, as a whole or in part, and within a maturity by lot from any source of available funds, beginning June 1, 2031 and on any date thereafter, at a prepayment price equal to the principal amount of the Bonds, together with accrued interest to the date fixed for prepayment, without premium.

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:

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

\* Preliminary, subject to change

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.

Notice of Redemption. Prior to the redemption of any Bonds under the provisions of the Bond Resolution, the Bond Registrar shall give notice not less than thirty (30) days prior to the redemption date to each registered owner thereof.

On the dates so designated for redemption, notice having been given in the manner and under the conditions hereinabove, provided and moneys for payment of the redemption price being held in the Sinking Fund, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date. Interest on the Bonds so called for redemption shall cease to accrue; such Bonds shall cease to be entitled to any benefit hereunder, and the Bond Holders shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Bonds which have been duly called for redemption, with respect to which irrevocable instructions to call for redemption at a stated redemption have been given to the Bond Registrar, and moneys for the payment the face amount thereof, premium, if any, and interest on are held in separate accounts by the Bond Registrar in trust for Bondholders shall not thereafter be deemed to be outstanding under the provisions of the Resolution, other than be entitled to receive payment from such sources.

### **Litigation**

No litigation is pending or to the knowledge of the Issuer, threatened which, if decided adversely to the Issuer would be likely to result, either individually or in the aggregate, in final judgments against the Issuer which would materially adversely affect the transaction contemplated by this Official Statement, the validity of the Bonds, the Issuer's ability to meet debt service payments on the Bonds when due, or its obligations under the Bond Resolution, or which would materially adversely affect its financial position.

### **ACCOUNTANT**

The financial statements of the Issuer as of and for the year ended June 30, 2021, included in this Official Statement as Appendix D, have been audited by Nolte, Cornman & Johnson, P.C., Newton, Iowa, independent auditors, as stated in their report appearing herein Nolte, Cornman & Johnson, P.C. has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2021, and also has not performed any procedures relating to this 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.

### **TAX EXEMPTION AND RELATED CONSIDERATIONS**

#### Tax Exemption

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

Subject to the Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

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. 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 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).**

### **CONTINUING DISCLOSURE**

The Issuer will covenant in a Continuing Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Bonds to provide annually certain financial information and operating data relating to the Issuer (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report is to be filed by the Issuer no later than April 15 after the close of each fiscal year, commencing with the fiscal year ending June 30, 202<sub>2</sub>, with the Municipal Securities Rulemaking Board, at its internet repository named "Electronic Municipal Market Access" ("EMMA"). The notices of events, if any, are also to be filed with EMMA. See "**APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**" The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in "**APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.**" These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

For the five year period beginning February 21, 2018 and ending February 21, 2023, inclusive, the Issuer believes it has complied with the Rule in all material respects.

### **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 information in 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.

## MISCELLANEOUS

Brief descriptions or summaries of the Issuer, the Bonds, the Resolution and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bonds, the Resolution and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained from the Issuer.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or Owners of any of the Bonds.

The attached APPENDICES A, B, C and D are integral parts of this Official Statement and must be read together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bonds nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The Board of Directors of the Issuer has authorized the execution and delivery of this Official Statement for use in connection with the initial sale of the Bonds.

FORT MADISON COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Sandy Elmore  
Board Secretary

**APPENDIX A - INFORMATION ABOUT THE ISSUER**

**FORT MADISON COMMUNITY SCHOOL DISTRICT, IOWA  
DISTRICT OFFICIALS**

<b>PRESIDENT</b>	Josh Wykert
<b>BOARD MEMBERS</b>	Mio Santiago Carol Ross Lois Di Prima Dianne Hope Paul Wilkerson Brad Menke
<b>SUPERINTENDENT</b>	Erin Slater
<b>DISTRICT SECRETARY</b>	Sandra Elmore
<b>DISTRICT TREASURER</b>	Sandra Elmore
<b>DISTRICT ATTORNEY</b>	Lynch Dallas Cedar Rapids, IA

**CONSULTANTS**

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

**General Information**

The Fort Madison Community School District (240 square miles) is located in Lee, Des Moines and Henry Counties in southeast Iowa, approximately 75 miles south of Davenport, Iowa. The District includes the City of Fort Madison as well as unincorporated land in Lee, Des Moines and Henry Counties.

**District Facilities (1)**

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

<u>Building</u>	<u>Construction Date</u>	<u>Grades Served</u>
High School	1959, 1978, 1980, 1988, 1995, 2000, 2004, 2006	9-12
Middle School	2012	4-8
Lincoln Elementary	1936, 1954, 1988	K-3
Richardson Elementary	1918, 1946, 1970, 1988, 2004	PK-3

**Enrollment (2)**

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

<u>Count Date</u>	<u>Fiscal Year effective</u>	<u>Certified (Resident) (3,4)</u>	<u>Open Enroll In (5)</u>	<u>Open Enroll Out (5)</u>	<u>Total Served</u>
October-22	2023-24	2,102.1	29.	342.0	1,789.1
October-21	2022-23	2,046.4	22.0	306.7	1,761.7
October-20	2021-22	2,079.5	19.0	309.7	1,788.8
October-19	2020-21	2,092.8	27.0	303.2	1,816.6
October-18	2019-20	2,109.3	24.0	289.9	1,843.4

**Staff (1)**

Presented below is a list of the District's 316 employees.

Administrators:	7	Media Specialists:	2
Teachers:	150	Nurses:	3
Teacher Aids:	74	Guidance:	5
Custodians:	17	Secretaries:	17
Food Service:	22	Transportation:	13
Other:	21	Maintenance:	21

**Investment of Public Funds (1)**

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

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	0
Local Bank Deposit Accounts	2,709,414
Local Bank Time CD's	4,500,000
ISJIT Money Market	22,832,217
ISJIT Time CD's	0

- (1) Source: the Issuer
- (2) Source: Department of Education
- (3) Used for Sales Tax distribution
- (4) Used for State Aid distribution
- (5) For each fiscal year, the school district into which any student open-enrolls, sends an invoice to the home-district in the amount of regular district cost per pupil, which is equal to the amount of State Aid the home-district receives from the State

**Population (1)**

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

<u>Year</u>	<u>Population</u>
2020	10,270
2010	11,051
2000	10,715
1990	11,618
1980	13,520
1970	13,996

**Other Post-Employment Benefits (OPEB) (2)**

Plan Description - The District 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 September 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
<u>Active employees</u>	<u>291</u>
Total	301

Total OPEB Liability – The District’s total OPEB liability of \$1,121,100 was measured as of June 30, 2022 and was determined by an actuarial valuation dated July 1, 2020.

Actuarial Assumptions – the total OPEB liability 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 6/30/22)	2.60%
Rates of salary increase (effective 6/30/22) including inflation	3.25%-16.25% based upon years of service
Discount rate (effective 6/30/22) including inflation	3.54% compounded annually
Healthcare cost trend rate (effective 6/30/22)	6.50% for FY2021 decreasing to ultimate rate of 4.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.54%, 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.

Pre-retirement mortality rates are from the RP-2014 Employee Table, projected generationally using MP-2017. Post-retirement mortality rates are from the RP-2014 Healthy Annuitant Table, projected generationally using MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability:

Total OPEB obligation – beginning of year		\$1,187,190
Changes for the year		
	Service Cost	105,235
	Interest	27,334
	Differences between expected and actual experience	(32,791)
	Change in assumption	(111,675)
	<u>Benefit Payments</u>	<u>(54,193)</u>
Net Changes		(66,090)
Net OPEB obligation – end of year		\$1,121,100

Changes of assumptions reflect a change in the discount rate from 2.16% in fiscal year 2021 to 3.54% in fiscal year 2022.

- (1) Source: U.S. Census Bureau  
 (2) Source: the Issuer

## Employee Pension Plan (1)

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

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

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

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

**Table 1 – Issuer and Employees Contribution to IPERS (1)**

Fiscal Year	Issuer Contribution		Issuer Employees’ Contribution	
	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2018	1,335,597	8.93	889,899	5.95
2019	1,386,937	9.44	924,134	6.29
2020	1,382,317	9.44	921,057	6.29
2021	1,376,479	9.44	917,167	6.29
2022	1,459,414	9.44	972,426	6.29

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

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 indicated (collectively, the “IPERS CAFRs”), and the actuarial valuation reports provided to IPERS by Cavanaugh MacDonald Consulting, LLC (collectively, the “IPERS Actuarial Reports”). Additional information regarding IPERS and its latest actuarial valuations can be obtained by contacting IPERS.

(1) Source: the Issuer

Table 2 – Funding Status of IPERS (1)

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial 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]]
2018	31,827,755,864	32,314,588,595	38,642,833,653	6,815,077,789	82.36	6,328,245,058	83.62	7,983,219,527	79.27
2019	33,324,327,606	34,010,680,731	39,801,338,797	6,477,011,191	83.73	5,790,658,066	85.45	8,151,043,468	71.04
2020	34,485,656,745	34,047,692,112	41,072,427,540	6,586,770,795	83.96	7,024,735,428	82.90	8,391,856,350	78.49
2021	37,584,987,296	42,889,875,682	42,544,648,750	4,959,661,454	88.34	-345,226,932	100.81	8,648,783,536	57.35
2022	39,354,232,379	40,186,392,289	43,969,714,606	4,615,482,227	89.50	3,783,322,317	91.40	9,018,019,950	51.18

Table 3 – Recent returns of IPERS (1)

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

Fiscal Year Ended June 30	Investment Return %
2018	7.97
2019	8.35
2020	3.39
2021	29.63
2022	-3.90

Net Pension Liabilities (2)

At June 30, 2022, the Issuer reported a liability of \$251,360 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The Issuer’s proportion of the net pension liability was based on the Issuer’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See “**APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS**” for additional information related to the Issuer’s deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

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

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

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

(2) Source: the Issuer

## Major Employers (1)

Presented below is a summary of the largest employers in Fort Madison:

<u>Employer</u>	<u>Business</u>	<u>Approximate Employees</u>
ConAgra Foods		500-999
Siemens Gamesa	Wind blades for turbines	250-499
Fort Madison Community Hospital	Healthcare	250-499
Iowa State Penitentiary	Correctional facility	250-499
Scotts Miracle Gro	Production facility	250-499
Fort Madison Phys Surgeons	Healthcare	250-499
Climax Co	Mining	100-249
Gregory Design	Design & Manufacture material handling	100-249
Gleason Corp	Manufacturer of metal goods	100-249
Silgan Containers	Manufacturer – cans	100-249
Fort Madison Health Center	Nursing home	100-249
Lee County	Government office	100-249
Hy-Vee	Grocery store	100-249
Shottenkirk	Car dealer	100-249
Fareway	Grocery store	50-99
Jim Baier	Car dealer	50-99
DuPont	Manufacturer – ink	50-99
Novalex		50-99
Paper Pak	Manufacturer – paper & packaging	50-99
Cryotech Deicing Tech	Manufacturer – aircraft deicing	50-99
Burrows Paper Corp	Manufacturer – paper	50-99
Wolf Packing	Packing service	50-99
Kensington Evergreen	Residential care home	50-99
Huffman Welding & Machine	Welding	50-99
City of Fort Madison	City government	50-99

## Property Tax Assessment (2)

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</u>	<u>Ag. Land &amp; Bldgs</u>	<u>Commercial</u>	<u>Sm Commercial</u>	<u>Multi-residential</u>	<u>Railroad</u>	<u>Sm Railroad</u>	<u>Utilities</u>	<u>Industrial</u>
2023-24	54.6501	91.6430	90.0000	54.6501	NA	90.0000	54.6501	100.0000	90.0000
2022-23	54.1302	89.0412	90.0000	90.0000	63.7500	90.0000	90.0000	100.0000	90.0000
2021-22	56.4094	84.0305	90.0000	90.0000	67.5000	90.0000	90.0000	98.5489	90.0000
2020-21	55.0743	81.4832	90.0000	90.0000	71.2500	90.0000	90.0000	100.0000	90.0000
2019-20	55.6209	54.4480	90.0000	90.0000	75.0000	90.0000	90.0000	100.0000	90.0000

Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. For example, the assessments finalized on January 1, 2020 are used to calculate tax liability for the tax year starting July 1, 2021 through June 30, 2022. Presented below are the historic property valuations of the Issuer for the period indicated:

<u>Valuation Year</u>	<u>Actual Valuation w/ Utilities</u>	<u>% Change in Actual Valuation</u>	<u>Taxable Valuation w/ Utilities</u>	<u>% Change in Taxable Valuation</u>
2022	1,220,837,501	0.98%	814,224,876	1.02%
2021	1,208,948,036	3.84%	806,017,224	2.14%
2020	1,164,246,029	0.14%	789,152,577	1.27%
2019	1,162,658,987	1.62%	779,226,209	6.50%
2018	1,144,148,251	3.72%	731,686,106	12.39%
2017	1,103,163,796	4.46%	651,034,224	4.65%

(1) Source: Iowa Workforce Development.com/employer database

(2) Source: Iowa Department of Revenue

## Property Valuations (1)

Presented below are the historic property valuations of the Issuer by class of property for the period indicated:

<b>Actual Valuation</b>							
Valuation as of January	2022	2021	2020	2019	2018	2017	
Fiscal Year	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	
Residential:	750,703,839	719,245,716	687,408,842	683,099,762	634,891,699	626,693,763	
Agricultural Land:	142,575,490	142,892,610	134,572,270	134,624,590	169,698,680	169,841,929	
Ag Buildings:	6,566,110	6,333,350	5,962,630	5,741,350	7,594,370	6,994,250	
Commercial:	104,397,583	103,149,373	100,830,124	101,782,113	99,270,657	97,689,771	
Industrial:	51,956,694	51,720,684	50,926,424	50,261,834	49,773,044	49,470,864	
Multi-Residential	0	21,057,264	21,027,504	20,389,904	19,957,859	19,898,025	
Personal RE:	0	0	0	0	0	0	
Railroads:	27,497,416	25,070,446	24,650,395	23,252,895	21,172,838	17,620,176	
Utilities:	15,053,527	15,490,682	16,075,887	17,165,852	15,739,453	13,298,607	
Other:	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	
<b>Total Valuation:</b>	<b>1,101,250,659</b>	<b>1,087,460,125</b>	<b>1,043,954,076</b>	<b>1,038,818,300</b>	<b>1,020,598,600</b>	<b>1,004,007,385</b>	
Less Military:	1,525,180	1,556,654	1,614,117	1,727,089	1,802,892	1,856,089	
<b>Net Valuation:</b>	<b>1,099,725,479</b>	<b>1,085,903,471</b>	<b>1,042,339,959</b>	<b>1,037,091,211</b>	<b>1,018,795,708</b>	<b>1,002,151,296</b>	
TIF Valuation:	6,634,023	9,338,975	8,215,838	7,401,066	9,322,191	6,831,790	
Utility Replacement:	114,477,999	113,705,590	113,690,232	118,166,710	116,030,352	94,180,710	

<b>Taxable Valuation</b>							
Valuation as of January	2022	2021	2020	2019	2018	2017	
Fiscal Year	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	
Residential:	408,427,037	388,106,467	386,233,922	373,855,437	358,693,073	347,540,671	
Agricultural Land:	130,660,469	127,233,263	113,081,766	109,696,425	95,060,188	92,468,425	
Ag Buildings:	6,017,389	5,639,294	5,010,422	4,678,230	4,252,892	3,808,236	
Commercial:	76,341,068	92,663,045	90,504,780	91,388,378	89,167,867	87,916,312	
Industrial:	44,635,157	46,548,616	45,833,782	45,235,651	44,795,740	44,523,778	
Multi-Residential	0	13,418,734	14,193,583	14,527,821	14,968,454	15,669,710	
Personal RE:	0	0	0	0	0	0	
Railroads:	24,723,598	22,563,402	22,185,356	20,927,607	19,055,555	15,858,159	
Utilities:	15,053,527	15,490,682	15,842,609	17,165,852	15,734,841	13,298,607	
Other:	2,196,975	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	
<b>Total Valuation:</b>	<b>708,055,220</b>	<b>713,913,503</b>	<b>695,136,220</b>	<b>679,725,401</b>	<b>643,978,610</b>	<b>623,333,898</b>	
Less Military:	1,525,180	1,556,654	1,614,117	1,727,089	1,799,188	1,856,089	
<b>Net Valuation:</b>	<b>706,530,040</b>	<b>712,356,849</b>	<b>693,522,103</b>	<b>677,998,312</b>	<b>642,179,422</b>	<b>621,477,809</b>	
TIF Valuation:	6,508,058	7,332,478	8,215,838	7,401,066	7,638,972	5,106,406	
Utility Replacement:	101,186,778	86,327,897	88,414,636	93,826,831	81,867,712	24,450,009	

## Tax Rates (1)

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

Fiscal Year	Operating	Management	Board PPEL	V PPEL	Playground	Debt	Schoolhouse	Total Levy
2023	9.30661	0.63242	0.33000	1.34000	0.00000	0.00000	0.00000	11.60903
2022	9.92436	0.59800	0.33000	1.34000	0.00000	0.00000	0.00000	12.19236
2021	10.58048	0.49882	0.33000	1.34000	0.00000	0.00000	0.00000	12.74930
2020	12.24320	0.29633	0.33000	0.00000	0.00000	0.00000	0.00000	12.86953
2019	13.76559	0.34834	0.33000	0.00000	0.00000	0.00000	0.00000	14.44393

## Historic Tax Rates (1)

Presented below are the tax rates by taxing entity for residents of the City of Fort Madison.

Fiscal Year	City	School	College	State	Assessor	Ag Extens	County	Total Levy
2023	15.07201	11.60903	1.29223	0.00240	0.38955	0.17878	7.98045	36.52445
2022	15.07084	12.19236	1.24723	0.00260	0.31339	0.16987	7.86258	36.85887
2021	15.07425	12.74930	1.18723	0.00270	0.39273	0.18196	8.25502	37.84319
2020	15.36526	12.86953	1.15723	0.00280	0.40162	0.19242	7.78848	37.77734
2019	15.56371	14.44393	1.15723	0.00290	0.38920	0.20361	8.14941	39.90999

(1) Source: Iowa Department of Management

## Tax Collection History (1) (4)

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

Fiscal Year	Amount Levied	Amount Collected	Percentage Collected
2023	9,289,955	In collection	NA
2022	9,541,058	9,693,050	101.59%
2021	9,855,328	9,970,932	101.17%
2020	9,341,029	9,306,579	99.63%
2019	9,332,382	10,009,289	107.25%
2018	8,689,861	8,586,291	98.81%

## Largest Taxpayers (2)

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

Taxpayer	2021 Taxable Valuation	Percent of Total
Iowa Fertilizer Company LLC - Gas	67,308,338	8.529%
Burlington Northern Santa Fe	22,563,399	2.859%
Interstate Power & Light Co - Trans Electric (3)	12,249,977	1.552%
Anr Pipeline	7,413,219	0.939%
Iowa Fertilizer Company	6,847,707	0.868%
S & D Developers, Inc	5,683,424	0.720%
NE Missouri Electric Power Co	4,089,764	0.518%
General Atomics	3,897,426	0.494%
Scotts Manufacturing Company	3,352,905	0.425%
Dupont Specialty Products USA, LLC	3,196,646	0.405%
Total		17.31%

(1) Source: the Issuer

(2) Source: Lee County

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

(4) Collections for FY22 are unaudited

## Direct Debt (1)

### General Obligation School Bonds (Debt Service)

The Issuer does not have any outstanding General Obligation Bonds.

### 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 outstanding School Infrastructure Sales, Services & Use Tax Revenue Bonds and including an estimate for the Bonds, presented by fiscal year and issue.

<u>Fiscal Year</u>	<u>12/20/21</u>	<u>3/22/22</u>	<u>4/11/23</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&amp;I</u>
2023				0	589,538	589,538
2024				0	912,178	912,178
2025			1,135,000	1,135,000	846,345	1,981,345
2026			1,180,000	1,180,000	800,945	1,980,945
2027			1,225,000	1,225,000	753,745	1,978,745
2028			1,275,000	1,275,000	704,745	1,979,745
2029		555,000	770,000	1,325,000	653,745	1,978,745
2030		1,315,000	50,000	1,365,000	611,845	1,976,845
2031		1,340,000	55,000	1,395,000	583,545	1,978,545
2032		1,365,000	60,000	1,425,000	554,545	1,979,545
2033	870,000	515,000	70,000	1,455,000	524,845	1,979,845
2034	900,000	520,000	65,000	1,485,000	494,345	1,979,345
2035	925,000	530,000	65,000	1,520,000	458,145	1,978,145
2036	955,000	525,000	80,000	1,560,000	421,145	1,981,145
2037	980,000	545,000	70,000	1,595,000	383,095	1,978,095
2038	1,010,000	550,000	75,000	1,635,000	344,345	1,979,345
2039	1,040,000	560,000	75,000	1,675,000	304,645	1,979,645
2040	1,075,000	550,000	90,000	1,715,000	264,045	1,979,045
2041	1,105,000	565,000	85,000	1,755,000	222,445	1,977,445
2042	1,140,000	565,000	95,000	1,800,000	178,890	1,978,890
2043			1,845,000	1,845,000	134,200	1,979,200
2044			1,510,000	1,510,000	60,400	1,570,400
Totals:	10,000,000	10,000,000	9,875,000	29,875,000	10,851,815	40,676,721

## Overlapping & Underlying Debt (2) (3)

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

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2021 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City of Fort Madison	13,089,151	315,503,620	\$315,503,620	100.00%	13,089,151
City of West Point	483,665	35,595,571	35,595,571	100.00%	483,665
Henry County	7,410,000	980,910,579	122,437	0.01%	925
Lee County	10,270,000	1,682,556,871	804,475,916	47.81%	4,910,365
Southeast Iowa Community College	13,630,000	4,922,182,856	806,017,224	16.38%	2,231,940
				Total	20,716,045

(1) Source: the Issuer

(2) Valuation source: Iowa Department of Management

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

**Debt Limit (1) (2) (5)**

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

	<u>FY24</u>	<u>FY23</u>
Actual Valuation:	1,220,837,501	1,208,948,036
X	0.05	0.05
<hr/>		
Statutory Debt Limit:	61,041,875	60,447,402
Total General Obligation Debt:		
Total Lease Purchases:		
Total Loan Agreements:		
Capital Leases:		
<hr/>		
Total Debt Subject to Limit*:	0	0
Percentage of Debt Limit Obligated:	0.00%	0.00%

\* The constitutional debt limit calculation does not include the District's Sales Tax Revenue Bonds. If the District's Sales Tax Revenue Bonds are included in the constitutional debt limit calculation, the "Total Debt Subject to Limit" would increase \$9,875,000 to be \$29,875,000, or 51.53% of the statutory debt limit.

**FINANCIAL SUMMARY (1) (2) (3) (4) (5)**

Actual Value of Property	1,220,837,501
Taxable Value of Property	814,224,876
Direct General Obligation Debt:	0
Overlapping Debt:	20,716,045
<hr/>	
Direct & Overlapping General Obligation Debt:	20,716,045
Population, 2020 US Census:	16,473
Direct Debt per Capita:	0
Total Debt per Capita:	1,258
Direct Debt to Taxable Valuation:	0.00%
Total Debt to Taxable Valuation:	2.54%
Direct Debt to Actual Valuation:	0.00%
Total Debt to Actual Valuation:	1.70%
Actual Valuation per Capita:	74,111
Taxable Valuation per Capita:	49,428

- (1) Direct debt source: the Issuer
- (2) Valuation data source: Iowa Department of Management
- (3) Overlapping Debt source: EMMA.MSRB.ORG; Treasurer, State of Iowa
- (4) Population source: U.S. Census
- (5) 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.

## APPENDIX B – FORM OF LEGAL OPINION

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the Fort Madison Community School District in the Counties of Lee, Henry and Des Moines, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2023, by said Issuer, dated April 11, 2023, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$\_\_\_\_\_ (the "Bonds").

We have examined the law and such 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 the Resolution, perform the agreements on its part contained therein, and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer. The Resolution creates a valid lien on the School Infrastructure Sales, Services and Use Tax Revenues pledged by the Resolution (and defined therein) for the security of the Bonds and the Parity Bonds.

The lien on the Bonds ranks on a parity as to the pledge of School Infrastructure Tax Revenues with respect to other Outstanding Bonds and Additional Bonds (as defined in the Resolution). The right to issue Additional Bonds is reserved upon conditions set forth in the Resolution.

3. The Bonds have been duly authorized, issued and delivered by the Issuer and are valid and binding limited obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE ISSUER AND THE GENERAL CREDIT AND TAXING POWERS OF THE ISSUER ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL THEREOF OR INTEREST THEREON. THE ISSUER IS NOT OBLIGATED TO LEVY ANY AD VALOREM TAXES NOR TO EXPEND ANY MONIES OF THE ISSUER TO PAY THE BONDS, EXCEPT THE SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUES SPECIFICALLY PLEDGED UNDER THE RESOLUTION.

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 imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. 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

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Fort Madison Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$\_\_\_\_\_ School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2023 (the "Bonds") dated April 11, 2023. The Bonds are being issued pursuant to a Resolution of the Issuer approved on \_\_\_\_\_, 2023 (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](http://emma.msrb.org)).

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated \_\_\_\_\_, 2023.

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

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

"State" shall mean the State of Iowa.

Section 3. Provision of Annual Financial Information.

- a. The Issuer shall, or shall cause the Dissemination Agent to, not later than the 15th day of April of each year following the close of the Issuer's fiscal year (currently June 30), commencing with information for the 2022/2023 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: "Current Statewide Receipts of the Tax-Average Per Pupil Receipts", "Actual Historic Sales, Services and Use Tax", "Estimated Future Sales, Services and Use Tax Receipts", "Historic Resident Enrollment in the School District", "Estimated Debt Service and Coverage on the Bonds".

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:
  - iii. Principal and interest payment delinquencies;
  - iv. Non-payment related defaults, if material;
  - v. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - vi. Unscheduled draws on credit enhancements relating to the Bonds reflecting financial difficulties;
  - vii. Substitution of credit or liquidity providers, or their failure to perform;
  - viii. 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;
  - ix. Modifications to rights of Holders of the Bonds, if material;
  - x. Bond calls (excluding sinking fund mandatory redemptions), if material, and tender offers;
  - xi. Defeasances of the Bonds;
  - xii. Release, substitution, or sale of property securing repayment of the Bonds, if material;
  - xiii. Rating changes on the Bonds;
  - xiv. Bankruptcy, insolvency, receivership or similar event of the Issuer;
  - xv. 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;
  - xvi. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - xvii. 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
  - xviii. 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.

- d. 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, 2022 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: \_\_\_\_\_ day of \_\_\_\_\_, 2023.

FORT MADISON COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

By: \_\_\_\_\_  
President

ATTEST

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

EXHIBIT A - NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

Name of Issuer: Fort Madison Community School District, Iowa.

Name of Bond Issue: \$\_\_\_\_\_ School Infrastructure Sales, Services and Use Tax Revenue Bonds, Series 2023

Dated Date of Issue: April 11, 2023

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\_\_.

FORT MADISON COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

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

## APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2022 audited financial statement of the issuer. The Auditor of State of the State of Iowa (the "State Auditor") maintains a webpage that contains prior years' audits of city, county, school district and community college, including audits of the Issuer, which can be found at the following link <https://www.auditor.iowa.gov/reports/audit-reports>

The remainder of this page was left blank intentionally.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022

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**Fort Madison Community School District**

**Officials**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
<b>Board of Education</b>		
Dianne Hope	President	2023
Josh Wykert	Vice President	2023
Lois DiPrima	Board Member	2023
Carol Ross	Board Member	2023
Brad Menke	Board Member	2025
Mio Santiago	Board Member	2025
Paul Wilkerson	Board Member	2025
<b>School Officials</b>		
Erin Slater	Superintendent	2022
Kim Harmon	Director of Curriculum and Student Services	2022
Sandra Elmore	Board Secretary/Treasurer and School Business Official	2022
Lynch Dallas, P.C.	Attorney	2022

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
115 North 3rd Avenue West, Newton, Iowa 50208-3218  
Telephone (641) 792-1910

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of Fort Madison Community School District:

Report on the Audit of the Financial Statements

Opinions

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 Fort Madison Community School District, Fort Madison, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

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 Fort Madison Community School District as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. general accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Fort Madison Community School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fort Madison Community School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fort Madison Community School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fort Madison Community School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America 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 7 through 15 and 42 through 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the 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 Fort Madison 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, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information, including the Schedule of Expenditures of Federal Awards, 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2023 on our consideration of Fort Madison 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fort Madison Community School District's internal control over financial reporting and compliance.

March 2, 2023  
Newton, Iowa

  
NOLTE, CORNMAN & JOHNSON, P.C.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Fort Madison Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2022 FINANCIAL HIGHLIGHTS

- The District's total net position increased from \$20,890,441 at June 30, 2021 to \$26,311,049 at June 30, 2022. Total revenues increased 8.16% from \$31,069,598 in fiscal year 2021 to \$33,606,087 in fiscal year 2022, while total expenses increased 0.52% from \$28,039,533 in fiscal year 2021 to \$28,185,479 in fiscal year 2022. A significant increase in revenues from federal grants was the primary reason for the increase in total revenues. The largest increase in total expenses occurred in the support services functional area.
- General Fund revenues increased from \$26,344,021 in fiscal year 2021 to \$27,670,899 in fiscal year 2022, while General Fund expenditures increased from \$24,401,059 in fiscal year 2021 to \$26,661,849 in fiscal year 2022. Accordingly, the District's General Fund balance increased from \$8,653,549 at June 30, 2021 to \$9,662,599 at June 30, 2022.
- The increase in total General Fund revenues was mainly due to an increase in federal grant revenues compared to the prior year. The increase in total General Fund expenditures was due, in part, to increased instructional costs including negotiated salaries and benefits as well as costs incurred for instructional supplies and purchased services.

### USING THIS ANNUAL REPORT

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Fort Madison Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental and business type activities were financed in the short term as well as what remains for future spending. Fund financial statements report Fort Madison Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Fort Madison Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the District's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

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

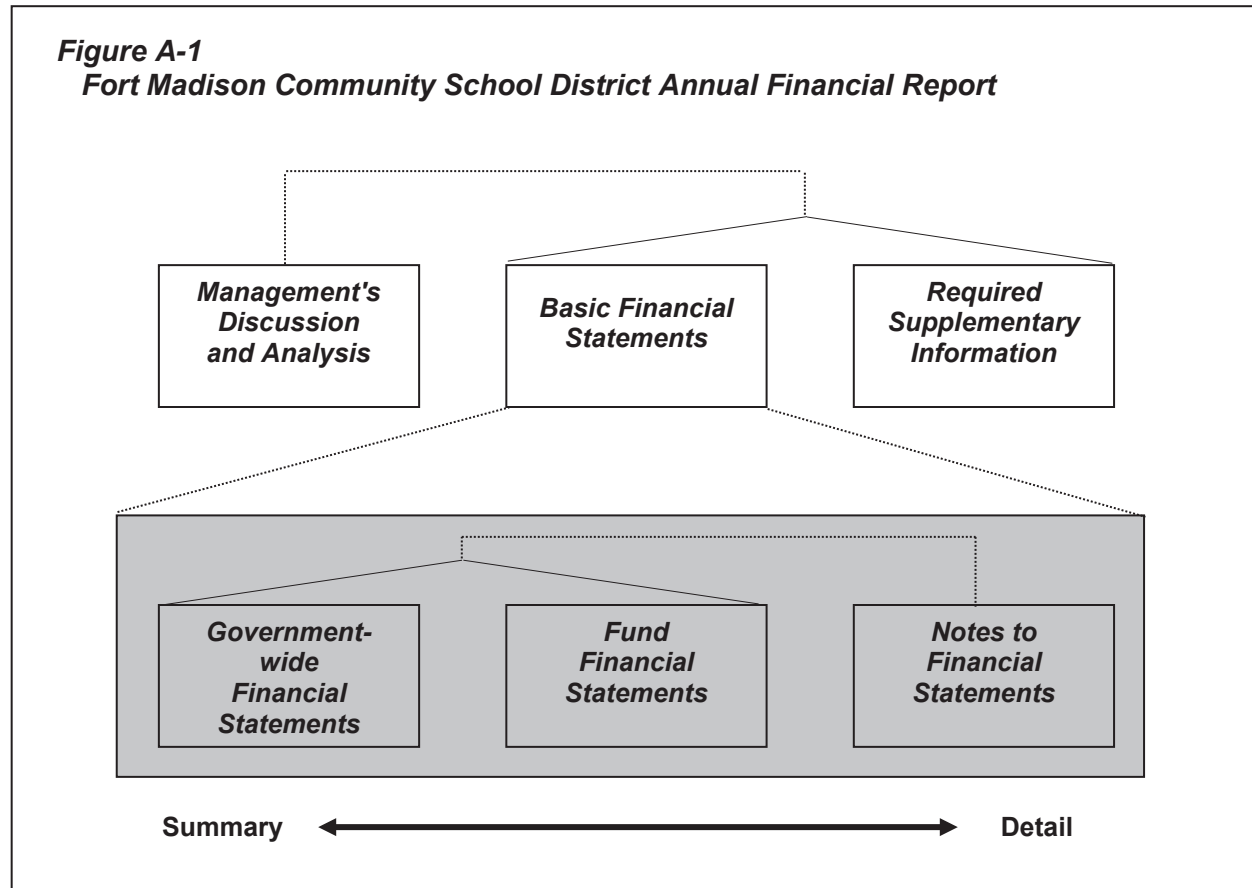


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b>			
<b>Major Features of the Government-Wide and Fund Financial Statements</b>			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary 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 service
Required financial statements	<ul style="list-style-type: none"> <li>· Statement of net position</li> <li>· Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>· Balance sheet</li> <li>· Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>· Statement of net position</li> <li>· Statement of revenues, expenses and changes in fund net position</li> <li>· Statement of cash flows</li> </ul>
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
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
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
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

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### Government-wide Financial Statements

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

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

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

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

### **Fund Financial Statements**

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

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

The District has two kinds of funds:

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

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

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

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

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

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, 2022 compared to June 30, 2021.

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,
	2022	2021	2022	2021	2022	2021	2021-22
Current and other assets	\$ 47,083,072	30,553,745	521,394	358,535	47,604,466	30,912,280	54.00%
Capital assets	23,139,111	21,838,356	37,089	26,806	23,176,200	21,865,162	6.00%
Total assets	<u>70,222,183</u>	<u>52,392,101</u>	<u>558,483</u>	<u>385,341</u>	<u>70,780,666</u>	<u>52,777,442</u>	<u>34.11%</u>
Deferred outflows of resources	1,889,103	2,869,352	32,128	52,572	1,921,231	2,921,924	-34.25%
Long-term liabilities	21,436,834	20,054,284	33,842	266,300	21,470,676	20,320,584	5.66%
Other liabilities	5,168,392	3,721,881	63,755	58,050	5,232,147	3,779,931	38.42%
Total liabilities	<u>26,605,226</u>	<u>23,776,165</u>	<u>97,597</u>	<u>324,350</u>	<u>26,702,823</u>	<u>24,100,515</u>	<u>10.80%</u>
Deferred inflows of resources	19,507,678	10,685,035	180,347	23,375	19,688,025	10,708,410	83.86%
Net position:							
Net investment in capital assets	21,436,318	15,719,356	37,089	26,806	21,473,407	15,746,162	36.37%
Restricted	4,868,936	8,653,438	-	-	4,868,936	8,653,438	-43.73%
Unrestricted	(306,872)	(3,572,541)	275,578	63,382	(31,294)	(3,509,159)	99.11%
Total net position	<u>\$ 25,998,382</u>	<u>20,800,253</u>	<u>312,667</u>	<u>90,188</u>	<u>26,311,049</u>	<u>20,890,441</u>	<u>25.95%</u>

The District's total net position increased 25.95%, or \$5,420,608, from the prior year.

The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$3,784,502, or 43.73%, from the prior year. This significant decrease in restricted net position was primarily a result of the early redemption of all outstanding Series 2019 revenue bonds during the year using existing fund balance restricted for school infrastructure.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$3,477,865, or 99.11%. This increase in unrestricted net position was mainly due to an increase in the District's unassigned General Fund balance, as well as a decrease in the District's net pension liability related to GASB statement number 68.

Figure A-4 shows the changes in net position for the year ended June 30, 2022 compared to the year ended June 30, 2021.

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2022	2021	2022	2021	2022	2021	2021-22
Revenues:							
Program revenues:							
Charges for service	\$ 677,267	559,044	99,142	74,743	776,409	633,787	22.50%
Operating grants, contributions and restricted interest	4,455,121	3,377,942	1,052,065	695,564	5,507,186	4,073,506	35.20%
Capital grants, contributions and restricted interest	793,058	18,891	-	5,000	793,058	23,891	3219.48%
General revenues:							
Property tax	9,701,862	9,980,676	-	-	9,701,862	9,980,676	-2.79%
Income surtax	547,743	833,598	-	-	547,743	833,598	-34.29%
Statewide sales, services and use tax	2,855,499	2,089,919	-	-	2,855,499	2,089,919	36.63%
Unrestricted state grants	13,301,874	13,407,046	-	-	13,301,874	13,407,046	-0.78%
Unrestricted investment earnings	26,831	751	140	1	26,971	752	3486.57%
Other	58,519	24,261	36,966	2,162	95,485	26,423	261.37%
Total revenues	<u>32,417,774</u>	<u>30,292,128</u>	<u>1,188,313</u>	<u>777,470</u>	<u>33,606,087</u>	<u>31,069,598</u>	<u>8.16%</u>
Program expenses:							
Instruction	17,053,450	17,493,167	-	-	17,053,450	17,493,167	-2.51%
Support services	7,628,649	7,343,315	-	-	7,628,649	7,343,315	3.89%
Non-instructional programs	-	-	888,388	706,910	888,388	706,910	25.67%
Other expenses	2,614,992	2,496,141	-	-	2,614,992	2,496,141	4.76%
Total expenses	<u>27,297,091</u>	<u>27,332,623</u>	<u>888,388</u>	<u>706,910</u>	<u>28,185,479</u>	<u>28,039,533</u>	<u>0.52%</u>
Excess of revenues over expenses	5,120,683	2,959,505	299,925	70,560	5,420,608	3,030,065	78.89%
Transfers	77,446	55,984	(77,446)	(55,984)	-	-	0.00%
Change in net position	5,198,129	3,015,489	222,479	14,576	5,420,608	3,030,065	78.89%
Net position beginning of year	20,800,253	17,784,764	90,188	75,612	20,890,441	17,860,376	16.97%
Net position end of year	<u>\$ 25,998,382</u>	<u>20,800,253</u>	<u>312,667</u>	<u>90,188</u>	<u>26,311,049</u>	<u>20,890,441</u>	<u>25.95%</u>

In fiscal year 2022, property tax and unrestricted state grants accounted for 70.96% of the governmental activities revenues, while charges for service and operating grants, contributions and restricted interest accounted for 96.88% of business type activities revenues.

The District's total revenues were approximately \$33.61 million, of which approximately \$32.42 million was for governmental activities and approximately \$1.19 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an 8.16% increase in revenues and a 0.52% increase in expenses. Combined revenues from operating and capital grants increased approximately \$2.2, compared to those revenues reported for the prior year, representing the bulk of the increase in total revenues, while the increase in total expenses largely occurred in the support services functional area.

### Governmental Activities

Revenues for governmental activities were \$32,417,774 and expenses were \$27,297,091 for the year ended June 30, 2022.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses, for the year ended June 30, 2022 compared to those expenses for the year ended June 30, 2021.

	Total Cost of Services			Net Cost of Services		
	2022	2021	Change 2021-22	2022	2021	Change 2021-22
Instruction	\$ 17,053,450	17,493,167	-2.51%	13,422,096	14,917,101	-10.02%
Support services	7,628,649	7,343,315	3.89%	6,352,211	6,944,932	-8.53%
Other expenses	2,614,992	2,496,141	4.76%	1,597,338	1,514,713	5.45%
Total	<u>\$ 27,297,091</u>	<u>27,332,623</u>	<u>-0.13%</u>	<u>21,371,645</u>	<u>23,376,746</u>	<u>-8.58%</u>

For the year ended June 30, 2022:

- The cost financed by users of the District's programs was \$677,267.
- Federal and state governments, along with local sources, subsidized certain programs and projects with grants and contributions totaling \$5,248,179.
- The net cost of governmental activities was financed with \$9,701,862 in property tax, \$547,743 in income surtax, \$2,855,499 in statewide sales, service and use tax, \$13,301,874 in unrestricted state grants, \$26,831 in interest income and \$58,519 in other general revenues.

### Business Type Activities

Revenues of the District's business type activities were \$1,188,313 and expenses were \$888,388. 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, investment and other income.

### INDIVIDUAL FUND ANALYSIS

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$32,252,865, above last year's ending fund balances of \$16,478,719. The primary reason for the increase in combined fund balances at the end of fiscal year 2022 is the increase in the Capital Projects Fund balance.

### Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. General Fund revenues increased due primarily to an increase in revenues from federal grants. However, General Fund expenditures also increased due in part to negotiated salaries and benefits and higher costs for supplies and purchased services. Total revenues outpaced expenditures causing the General Fund balance to increase from \$8,653,549 at June 30, 2021 to \$9,662,599 at June 30, 2022.
- The District issued \$20,000,000 of revenue bonds during the year for the purpose of financing a portion of various infrastructure projects including renovation/addition projects to the existing middle school and high school buildings as well as an HVAC project at the high school. The Capital Projects Fund balance increased from \$6,854,000 at June 30, 2021 to \$21,528,512 at June 30, 2022, consisting primarily of unexpended bond proceeds.
- Debt Service Fund inflows and outflows increased significantly compared to the prior year. On November 1, 2021, the District redeemed \$6,119,000 in principal of Series 2019 revenue bonds and extinguished all remaining obligations from the June 26, 2019 issuance.

## Proprietary Fund Highlights

School Nutrition Fund net position increased from \$90,188 at June 30, 2021 to \$312,667 at June 30, 2022. Total expenses increased 25.67% compared to the previous year, which was more than offset by a 52.84% increase in total revenues. The increase in total revenues was primarily due to increased revenues received from federal grant reimbursements

## BUDGETARY HIGHLIGHTS

Over the course of the year, the District amended its budget one time to reflect additional revenues and expenditures associated with the coronavirus pandemic, early redemption of outstanding Series 2019 revenue bonds and various facility improvement projects.

The District's revenues were \$2,983,481 more than budgeted revenues, a variance of 9.66%. The most significant variance resulted from the District receiving more from federal sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is not the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. Instead, the District's budget is developed utilizing realistic projections of revenues and expenditures. The District then manages or controls the General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

Despite the District's budgetary practice, expenditures in the non-instructional programs functional area exceeded the amounts budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2022, the District had invested \$23,176,200, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 6.00% from the prior year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$1,568,132

The original cost of the District's capital assets was \$46,728,699. Governmental activities accounted for \$46,481,544, with the remainder of \$247,155 accounted for in the Enterprise, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$2,653,371 at June 30, 2022, compared to \$947,966 reported at June 30, 2021. This significant increase resulted from construction activity financed by \$20,000,000 of revenue bonds issued during fiscal year 2022 for various projects including building addition/renovation projects at the middle school and high school and an HVAC project at the high school.

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2022	2021	2022	2021	2022	2021	2021-22
Land	\$ 899,760	899,760	-	-	899,760	899,760	0.00%
Construction in progress	2,653,371	947,966	-	-	2,653,371	947,966	179.90%
Buildings	18,311,677	18,524,550	-	-	18,311,677	18,524,550	-1.15%
Land improvements	551,692	618,608	-	-	551,692	618,608	-10.82%
Machinery and equipment	722,611	847,472	37,089	26,806	759,700	874,278	-13.11%
<b>Total</b>	<b>\$ 23,139,111</b>	<b>21,838,356</b>	<b>37,089</b>	<b>26,806</b>	<b>23,176,200</b>	<b>21,865,162</b>	<b>6.00%</b>

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## Long-Term Debt

At June 30, 2022, the District had \$20,000,000 in long-term debt outstanding. This represents an increase of 226.85% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District had outstanding revenue bonded indebtedness of \$20,000,000 at June 30, 2021, payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District.

Figure A-7		
Outstanding Long-Term Obligations		
	Total District	Total Change
	June 30, 2022	June 30, 2021
Revenue bonds	\$ 20,000,000	6,119,000
		226.85%

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District has issued \$20 Million of SAVE revenue bonds in anticipation of planned renovations and additions to our Middle school and High School facilities. An additional \$10 Million will be issued next year to complete the financing for the facility upgrades.
- The District is embarking on a \$36 Million facility enhancement construction project. Major renovations and additions are taking place at the Middle School and High School facilities. The project is expected to be complete in August of 2024. At that time, the District's operations will be consolidated into two facilities, a PK-6 school building and a 7-12 High School and the two elementary buildings will be shuttered.
- The State of Iowa has set the supplemental state aid for fiscal year 2023 at 3.00%, compared to 2.40% for 2022.

## 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 Sandra K. Elmore, Board Secretary/Treasurer and School Business Official, Fort Madison Community School District, 1930 Avenue M, Fort Madison, Iowa 52627.



## BASIC FINANCIAL STATEMENTS

FORT MADISON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and pooled investments	\$ 34,388,438	595,422	34,983,860
Receivables:			
Property tax:			
Delinquent	113,885	-	113,885
Succeeding year	9,289,955	-	9,289,955
Income surtax	545,998	-	545,998
Accounts	20,122	-	20,122
Internal balances	133,430	(133,430)	-
Due from other governments	2,591,244	46,316	2,637,560
Inventories	-	13,086	13,086
Capital assets not being depreciated:			
Land and construction in progress	3,553,131	-	3,553,131
Capital assets, net of accumulated depreciation			
Buildings and land improvements and machinery and equipment	19,585,980	37,089	19,623,069
<b>Total assets</b>	<b>70,222,183</b>	<b>558,483</b>	<b>70,780,666</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	1,785,643	29,432	1,815,075
OPEB related deferred outflows	103,460	2,696	106,156
<b>Total deferred outflows of resources</b>	<b>1,889,103</b>	<b>32,128</b>	<b>1,921,231</b>
<b>Liabilities</b>			
Accounts payable	2,697,163	14,173	2,711,336
Salaries and benefits payable	2,297,091	27,765	2,324,856
Accrued interest payable	174,138	-	174,138
Unearned revenue	-	21,817	21,817
Long-term liabilities:			
Portion due within one year:			
Compensated absences	97,148	1,068	98,216
Portion due after one year:			
Revenue bonds	20,000,000	-	20,000,000
Net pension liability	247,062	4,298	251,360
Total OPEB liability	1,092,624	28,476	1,121,100
<b>Total liabilities</b>	<b>26,605,226</b>	<b>97,597</b>	<b>26,702,823</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	9,289,955	-	9,289,955
Pension related deferred inflows	9,919,614	172,577	10,092,191
OPEB related deferred inflows	298,109	7,770	305,879
<b>Total deferred inflows of resources</b>	<b>19,507,678</b>	<b>180,347</b>	<b>19,688,025</b>
<b>Net Position</b>			
Net investment in capital assets	21,436,318	37,089	21,473,407
Restricted for:			
Categorical funding	750,015	-	750,015
Debt service	1,473,441	-	1,473,441
Management levy purposes	853,065	-	853,065
Student activities	208,689	-	208,689
School infrastructure	77,823	-	77,823
Physical plant and equipment	1,505,903	-	1,505,903
Unrestricted	(306,872)	275,578	(31,294)
<b>Total net position</b>	<b>\$ 25,998,382</b>	<b>312,667</b>	<b>26,311,049</b>

SEE NOTES TO FINANCIAL STATEMENTS.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 10,378,946	151,247	1,213,693	-	(9,014,006)	-	(9,014,006)
Special	3,589,311	75,278	729,983	-	(2,784,050)	-	(2,784,050)
Other	3,085,193	450,742	1,010,411	-	(1,624,040)	-	(1,624,040)
	<u>17,053,450</u>	<u>677,267</u>	<u>2,954,087</u>	<u>-</u>	<u>(13,422,096)</u>	<u>-</u>	<u>(13,422,096)</u>
Support services:							
Student	843,523	-	202,833	-	(640,690)	-	(640,690)
Instructional staff	1,418,067	-	60,355	-	(1,357,712)	-	(1,357,712)
Administration	2,178,485	-	35,254	-	(2,143,231)	-	(2,143,231)
Operation and maintenance of plant	2,059,726	-	67,204	793,058	(1,199,464)	-	(1,199,464)
Transportation	1,128,848	-	117,734	-	(1,011,114)	-	(1,011,114)
	<u>7,628,649</u>	<u>-</u>	<u>483,380</u>	<u>793,058</u>	<u>(6,352,211)</u>	<u>-</u>	<u>(6,352,211)</u>
Long-term debt interest	226,750	-	-	-	(226,750)	-	(226,750)
Other expenditures:							
AEA flowthrough	1,017,654	-	1,017,654	-	-	-	-
Depreciation (unallocated)*	1,370,588	-	-	-	(1,370,588)	-	(1,370,588)
	<u>2,388,242</u>	<u>-</u>	<u>1,017,654</u>	<u>-</u>	<u>(1,370,588)</u>	<u>-</u>	<u>(1,370,588)</u>
Total governmental activities	<u>27,297,091</u>	<u>677,267</u>	<u>4,455,121</u>	<u>793,058</u>	<u>(21,371,645)</u>	<u>-</u>	<u>(21,371,645)</u>
Business type activities:							
Non-instructional programs:							
Food service operations	888,388	99,142	1,052,065	-	-	262,819	262,819
Total	<u>\$ 28,185,479</u>	<u>776,409</u>	<u>5,507,186</u>	<u>793,058</u>	<u>(21,371,645)</u>	<u>262,819</u>	<u>(21,108,826)</u>
<b>General Revenues and Transfers:</b>							
Property tax levied for:							
General purposes					\$ 8,362,648	-	8,362,648
Capital outlay					1,339,214	-	1,339,214
Income surtax					547,743	-	547,743
Statewide sales, services and use tax					2,855,499	-	2,855,499
Unrestricted state grants					13,301,874	-	13,301,874
Unrestricted investment earnings					26,831	140	26,971
Other					58,519	36,966	95,485
Transfers					77,446	(77,446)	-
Total general revenues and transfers					<u>26,569,774</u>	<u>(40,340)</u>	<u>26,529,434</u>
Change in net position					5,198,129	222,479	5,420,608
Net position beginning of year					20,800,253	90,188	20,890,441
Net position end of year					<u>\$ 25,998,382</u>	<u>312,667</u>	<u>26,311,049</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General	Capital Projects	Nonmajor	Total
<b>Assets</b>				
Cash and pooled investments	\$ 11,301,636	22,025,616	1,061,186	34,388,438
Receivables:				
Property tax:				
Delinquent	92,668	15,634	5,583	113,885
Succeeding year	7,438,802	1,346,049	505,104	9,289,955
Income surtax	545,998	-	-	545,998
Accounts	15,122	-	5,000	20,122
Due from other funds	133,430	-	-	133,430
Due from other governments	2,065,898	525,346	-	2,591,244
<b>Total assets</b>	<b>\$ 21,593,554</b>	<b>23,912,645</b>	<b>1,576,873</b>	<b>47,083,072</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,649,064	1,038,084	10,015	2,697,163
Salaries and benefits payable	2,297,091	-	-	2,297,091
Total liabilities	3,946,155	1,038,084	10,015	4,994,254
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	7,438,802	1,346,049	505,104	9,289,955
Income surtax	545,998	-	-	545,998
Total deferred inflows of resources	7,984,800	1,346,049	505,104	9,835,953
Fund balances:				
Restricted for:				
Categorical funding	750,015	-	-	750,015
Debt service	-	1,647,579	-	1,647,579
Management levy purposes	-	-	853,065	853,065
Student activities	-	-	208,689	208,689
School infrastructure	-	18,375,030	-	18,375,030
Physical plant and equipment	-	1,505,903	-	1,505,903
Unassigned	8,912,584	-	-	8,912,584
Total fund balances	9,662,599	21,528,512	1,061,754	32,252,865
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 21,593,554</b>	<b>23,912,645</b>	<b>1,576,873</b>	<b>47,083,072</b>

SEE NOTES TO FINANCIAL STATEMENTS.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

<b>Total fund balances of governmental funds (page 20)</b>		\$ 32,252,865
 <b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		23,139,111
Accounts receivable income surtax is not available to finance expenditures of the current year and, therefore, is recognized as deferred inflows of resources in the governmental funds.		545,998
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 government funds.		(174,138)
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	\$ 1,889,103	
Deferred inflows of resources	<u>(10,217,723)</u>	(8,328,620)
Long-term liabilities, including revenue bonds payable, compensated absences payable, net pension liability and total OPEB liability, are not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(21,436,834)</u>
<b>Net position of governmental activities (page 18)</b>		<b><u>\$ 25,998,382</u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 8,702,079	1,339,214	-	474,401	10,515,694
Tuition	223,825	-	-	-	223,825
Other	402,557	13,468	-	409,424	825,449
State sources	14,598,885	2,876,414	-	7,489	17,482,788
Federal sources	3,636,107	-	-	-	3,636,107
Total revenues	27,563,453	4,229,096	-	891,314	32,683,863
Expenditures:					
Current:					
Instruction:					
Regular	10,993,432	244,299	-	198,359	11,436,090
Special	4,158,219	-	-	-	4,158,219
Other	2,867,798	-	-	399,279	3,267,077
	18,019,449	244,299	-	597,638	18,861,386
Support services:					
Student	913,709	-	-	-	913,709
Instructional staff	1,542,163	7,438	-	-	1,549,601
Administration	2,166,604	194,052	-	34,291	2,394,947
Operation and maintenance of plant	2,017,037	-	-	121,112	2,138,149
Transportation	985,233	59,819	-	47,689	1,092,741
	7,624,746	261,309	-	203,092	8,089,147
Capital outlay	-	2,833,522	-	-	2,833,522
Long-term debt:					
Principal	-	-	6,119,000	-	6,119,000
Interest and fiscal charges	-	-	52,612	-	52,612
	-	-	6,171,612	-	6,171,612
Other expenditures:					
AEA flowthrough	1,017,654	-	-	-	1,017,654
Total expenditures	26,661,849	3,339,130	6,171,612	800,730	36,973,321
Excess (Deficiency) of revenues over (under) expenditures	901,604	889,966	(6,171,612)	90,584	(4,289,458)
Other financing sources (uses):					
Proceeds from the sale of equipment	30,000	-	-	-	30,000
Revenue bond issuance	-	20,000,000	-	-	20,000,000
Premium on bond issuance	-	266,173	-	-	266,173
Discount on bond issuance	-	(310,015)	-	-	(310,015)
Transfer in	77,446	-	6,171,612	-	6,249,058
Transfer out	-	(6,171,612)	-	-	(6,171,612)
Total other financing sources (uses)	107,446	13,784,546	6,171,612	-	20,063,604
Change in fund balances	1,009,050	14,674,512	-	90,584	15,774,146
Fund balances beginning of year	8,653,549	6,854,000	-	971,170	16,478,719
Fund balances end of year	\$ 9,662,599	21,528,512	-	1,061,754	32,252,865

SEE NOTES TO FINANCIAL STATEMENTS.

FORT MADISON 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, 2022

**Change in fund balances - total governmental funds (page 22)** \$ 15,774,146

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

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

Capital outlay	\$ 2,863,181	
Depreciation expense	<u>(1,562,426)</u>	1,300,755

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. (266,089)

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 issuances and repayments are as follows:

Issued	(20,000,000)	
Repaid	<u>6,119,000</u>	(13,881,000)

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 governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (174,138)

The current year District IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 1,436,063

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:

Compensated absences	(35,900)	
Pension expense	1,095,679	
Total OPEB liability and related expenses	<u>(51,387)</u>	<u>1,008,392</u>

**Change in net position of governmental activities (page 19)** \$ 5,198,129

SEE NOTES TO FINANCIAL STATEMENTS.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2022

	Enterprise, School Nutrition
<b>Assets</b>	
Current assets:	
Cash and pooled investments	\$ 595,422
Due from other governments	46,316
Inventories	13,086
<b>Total current assets</b>	<b>654,824</b>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	37,089
<b>Total assets</b>	<b>691,913</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	29,432
OPEB related deferred outflows	2,696
<b>Total deferred outflows of resources</b>	<b>32,128</b>
<b>Liabilities</b>	
Current liabilities:	
Due to other funds	133,430
Accounts payable	14,173
Salaries and benefits payable	27,765
Unearned revenue	21,817
<b>Total current liabilities</b>	<b>197,185</b>
Noncurrent liabilities:	
Compensated absences	1,068
Net pension liability	4,298
Total OPEB liability	28,476
<b>Total noncurrent liabilities</b>	<b>33,842</b>
<b>Total liabilities</b>	<b>231,027</b>
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	172,577
OPEB related deferred inflows	7,770
<b>Total deferred inflows of resources</b>	<b>180,347</b>
<b>Net Position</b>	
Net investment in capital assets	37,089
Unrestricted	275,578
<b>Total net position</b>	<b>\$ 312,667</b>

SEE NOTES TO FINANCIAL STATEMENTS.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022

	<u>Enterprise, School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 99,142
Miscellaneous	36,966
Total operating revenues	<u>136,108</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	297,257
Benefits	6,208
Services	781
Supplies	565,738
Depreciation	5,706
Other	12,698
Total operating expenses	<u>888,388</u>
Operating loss	<u>(752,280)</u>
Non-operating revenues:	
State sources	5,417
Federal sources	1,046,648
Interest income	140
Total non-operating revenues	<u>1,052,205</u>
Change in net position before other financing uses	299,925
Other financing uses:	
Transfer out	<u>(77,446)</u>
Change in net position	222,479
Net position beginning of year	<u>90,188</u>
Net position end of year	<u>\$ 312,667</u>

SEE NOTES TO FINANCIAL STATEMENTS.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2022

	Enterprise, School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 97,038
Cash received from miscellaneous	36,966
Cash payments to employees for services	(356,506)
Cash payments to suppliers for goods or services	(490,839)
Net cash used in operating activities	(713,341)
Cash flows from non-capital financing activities:	
State grants received	6,596
Federal grants received	946,952
Net cash provided by non-capital financing activities	953,548
Cash flows from capital and related financing activities:	
Purchase of capital assets	(15,989)
Cash flows from investing activities:	
Interest on investments	140
Net increase in cash and pooled investments	224,358
Cash and pooled investments beginning of year	371,064
Cash and pooled investments end of year	\$ 595,422
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (752,280)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	85,514
Depreciation	5,706
Change in assets and liabilities:	
Inventories	(2,944)
Accounts payable	5,808
Salaries and benefits payable	2,001
Net pension liability	(226,268)
Deferred outflows of resources	20,444
Deferred inflows of resources	156,972
Unearned revenue	(2,104)
Compensated absences	1,068
Total OPEB liability	(7,258)
Net cash used in operating activities	\$ (713,341)

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

During the year ended June 30, 2022, the District received \$85,514 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

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

Fort Madison 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. The geographic area served includes the city of Fort Madison, Iowa, and the predominate agricultural territory in Lee, Des Moines and Henry 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 Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Fort Madison 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 District has no component units which meet the Governmental Accounting Standards Board criteria.

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

B. Basis of Presentation

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

The Statement of Net Position presents the District's nonfiduciary assets, 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 are 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 Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

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

The District also reports the following nonmajor proprietary fund:

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

### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Cash, Pooled Investments and Cash Equivalents - The cash balance of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at 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 reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2021.

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, machinery and equipment and intangibles acquired after July 1, 1980, 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. Reportable 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.

Asset Class	Amount
Land	\$ 3,000
Buildings	3,000
Land improvements	3,000
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	3,000

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, and equipment assets are depreciated using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Lives
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5 to 20 years

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension 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.

Unearned Revenues - Unearned revenues in the Statement of Net Position represent monies collected for lunches that have not yet been served. Revenue will only be considered earned when services are provided. Patrons will either be reimbursed or served lunches.

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.

Compensated Absences - District maintenance and transportation employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon exiting the District. A liability is recorded when incurred in the government-wide financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. The compensated absences liability attributable to the governmental activities will be primarily paid by the General Fund.

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

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

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

Deferred inflows of resources in the Statement of Net Position consist of 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 and OPEB expense.

Fund Equity - 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 or are imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, expenditures exceeded the amended amounts budgeted in the non-instructional programs function.

**(2) Cash and Pooled Investments**

The District's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2022, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligation Portfolio which are valued at an amortized cost of \$33,431,336. 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, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	School Nutrition	\$ 77,446
Debt Service	Capital Projects: Statewide	
	Sales, Services and Use Tax	6,171,612
Total		<u>\$ 6,249,058</u>

The transfer from the Enterprise, School Nutrition Fund to the General Fund was a reimbursement of indirect costs incurred during the year.

The transfer from the Capital Projects: Statewide Sales, Services and Use Tax Fund to the Debt Service Fund was for principal and interest payments on the District's revenue bonded indebtedness.

**(4) Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	School Nutrition	<u>\$ 133,430</u>

The Enterprise, School Nutrition Fund is repaying the General Fund for reimbursements of indirect costs not completed before year-end.

## (5) Construction Commitment

The District entered into contracts totaling \$4,364,353 for various District infrastructure projects including building addition/renovation projects at both the PK-6 and 7-12 buildings as well as a high school HVAC project. Total project costs as of June 30, 2022 were \$2,653,371, including \$750,261 incurred against the aforementioned contracts and \$1,903,110 of non-contract expenditures. The June 30, 2022, balance of \$3,614,092 remaining on contracts will be paid as work on the projects progress.

## (6) Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 899,760	-	-	899,760
Construction in progress	947,966	2,796,204	1,090,799	2,653,371
Total capital assets not being depreciated	1,847,726	2,796,204	1,090,799	3,553,131
Capital assets being depreciated:				
Buildings	36,726,000	1,090,799	-	37,816,799
Land improvements	1,617,116	-	-	1,617,116
Machinery and equipment	3,427,521	66,977	-	3,494,498
Total capital assets being depreciated	41,770,637	1,157,776	-	42,928,413
Less accumulated depreciation for:				
Buildings	18,201,450	1,303,672	-	19,505,122
Land improvements	998,508	66,916	-	1,065,424
Machinery and equipment	2,580,049	191,838	-	2,771,887
Total accumulated depreciation	21,780,007	1,562,426	-	23,342,433
Total capital assets being depreciated, net	19,990,630	(404,650)	-	19,585,980
Governmental activities capital assets, net	\$ 21,838,356	2,391,554	1,090,799	23,139,111
<b>Business type activities:</b>				
Machinery and equipment	\$ 235,417	15,989	4,251	247,155
Less accumulated depreciation	208,611	5,706	4,251	210,066
Business type activities capital assets, net	\$ 26,806	10,283	-	37,089

Depreciation expense was charged to the following functions:

### Governmental activities:

#### Instruction:

Regular	\$ 5,221
Other	8,812

#### Support services:

Instructional staff	3,167
Operation and maintenance of plant	10,276
Transportation	164,362
	191,838

Unallocated depreciation 1,370,588

Total governmental activities depreciation expense \$ 1,562,426

### Business type activities:

Food service operations \$ 5,706

**(7) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2022 are summarized as follows:

	Balance Beginning of Year			Balance End of Year		Due Within One Year
		Additions	Reductions			
<b>Governmental activities:</b>						
Revenue bonds	\$ 6,119,000	20,000,000	6,119,000	20,000,000		-
Compensated absences	61,248	97,148	61,248	97,148		97,148
Net pension liability	12,722,580	-	12,475,518	247,062		-
Total OPEB liability	1,151,456	-	58,832	1,092,624		-
Total	<u>\$ 20,054,284</u>	<u>20,097,148</u>	<u>18,714,598</u>	<u>21,436,834</u>		<u>97,148</u>
<b>Business type activities:</b>						
Compensated absences	\$ -	1,068	-	1,068		1,068
Net pension liability	230,566	-	226,268	4,298		-
Total OPEB liability	35,734	-	7,258	28,476		-
Total	<u>\$ 266,300</u>	<u>1,068</u>	<u>233,526</u>	<u>33,842</u>		<u>1,068</u>

Revenue Bonds

Details of the District's June 30, 2022 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Issued Dec. 20, 2021			Issued Mar. 22, 2022			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2023	2.00 %	\$ -	292,693	2.00 %	\$ -	296,844	-	589,537	589,537
2024	2.00	-	202,245	2.00	-	249,100	-	451,345	451,345
2025	2.00	-	202,245	2.00	-	249,100	-	451,345	451,345
2026	2.00	-	202,245	2.00	-	249,100	-	451,345	451,345
2027	2.00	-	202,245	2.00	-	249,100	-	451,345	451,345
2028-2032	2.00	-	1,011,225	2.00	4,575,000	1,132,800	4,575,000	2,144,025	6,719,025
2033-2037	2.00	4,630,000	831,525	2.00-300	2,635,000	652,450	7,265,000	1,483,975	8,748,975
2038-2042	2.00-2.10	5,370,000	338,820	3.00	2,790,000	252,150	8,160,000	590,970	8,750,970
Total		<u>\$ 10,000,000</u>	<u>3,283,243</u>		<u>\$ 10,000,000</u>	<u>3,330,644</u>	<u>20,000,000</u>	<u>6,613,887</u>	<u>26,613,887</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$10,000,000 of bonds issued in December 2021 and the \$10,000,000 of bonds issued in March 2022. The bonds were issued for the purpose of financing portions of various school infrastructure projects including addition/renovation projects to the existing middle school and high school buildings. 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 2042. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. The total principal and interest remaining to be paid on the bonds is \$26,613,887. Initial interest payments on the bonds are expected to require approximately 21% of the annual statewide sales, services and use tax revenues. The District redeemed all outstanding Series 2019 bonds in the principal amount of \$6,119,000 on November 1, 2021 and paid \$52,012 of interest due on the redeemed bonds up to the date of redemption. Total statewide sales, services and use tax revenues were \$2,855,499 for the year.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds require \$812,045 of Series 2021 proceeds and \$835,534 of Series 2022 proceeds be deposited and maintained in a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient statewide sales, services and use tax revenues are available. In addition, each month the District must set aside a portion of the statewide sales, services and use tax proceeds equal to 1/6 of the upcoming bi-annual interest payments and 1/12 of the upcoming annual principal payments.

## **(8) 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 the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

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

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

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 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.

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

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

In fiscal year 2022, 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, 2022 totaled \$1,459,414.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$251,360 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the District's proportion was 0.072810%, which was a decrease of 0.111583% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,123,633. At June 30, 2022, 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	\$ 191,250	192,026
Changes of assumptions	164,411	-
Net difference between projected and actual earnings on IPERS' investments	-	9,107,174
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	-	792,991
District contributions subsequent to the measurement date	1,459,414	-
Total	<u>\$ 1,815,075</u>	<u>10,092,191</u>

\$1,459,414 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2023	\$ (2,463,334)
2024	(2,448,657)
2025	(2,237,915)
2026	(2,573,963)
2027	(12,661)
Total	<u>\$ (9,736,530)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</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 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 8,896,446	251,360	(6,993,772)

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](http://www.ipers.org).

Payables to IPERS - At June 30, 2022, the District reported payables to IPERS of \$132,054 for legally required District contributions and \$87,990 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

## (9) Other Postemployment 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 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 September 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	<u>291</u>
Total	<u><u>301</u></u>

Total OPEB Liability - The District's total OPEB liability of \$1,121,100 was measured as of June 30, 2022 and was determined by an actuarial valuation dated July 1, 2020.

Actuarial Assumptions - The total OPEB liability 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, 2022)	2.60% per annum.
Rates of salary increase (effective June 30, 2022)	3.25% per annum wage growth. Up to 16.25% based on years of service.
Discount rate (effective June 30, 2022)	3.54% compounded annually, including including inflation.
Healthcare cost trend rate (effective June 30, 2022)	6.50% decreasing annually to an ultimate rate of 4.00%.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.54% 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.

Pre-retirement mortality rates are from the RP-2014 Employee Table, projected generationally using MP-2017. Post-retirement mortality rates are from the RP-2014 Healthy Annuitant Table, projected generationally using MP-2017. Those mortality rates as well as annual retirement probabilities, withdrawal rates and several other assumptions used in the valuation mirror those used School Regular Members in the July1, 2020 IPERS actuarial valuation.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 1,187,190
Changes for the year:	
Service cost	105,235
Interest	27,334
Differences between expected and actual experience	(32,791)
Changes in assumptions	(111,675)
Benefit payments	<u>(54,193)</u>
Net changes	<u>(66,090)</u>
Total OPEB liability end of year	<u><u>\$ 1,121,100</u></u>

Changes of assumptions reflect a change in the discount rate from 2.16% in fiscal year 2021 to 3.54% in fiscal year 2022.

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 1% lower (2.54%) or 1% higher (4.54%) than the current discount rate.

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 1,202,167	1,121,100	1,045,774

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 well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates 1% lower (5.50% - 3.00%) or 1% higher (7.50% - 5.00%) than the current healthcare cost trend rates.

	1% Decrease (5.50% - 3.00%)	Healthcare Cost Trend Rate (6.50% - 4.00%)	1% Increase (7.50% - 5.00%)
Total OPEB liability	\$ 1,007,611	1,121,100	1,255,222

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2022, the District recognized OPEB expense of \$100,775. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	178,806
Changes in assumptions	106,156	127,073
Total	<u>\$ 106,156</u>	<u>305,879</u>

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

Year Ended June 30,	Amount
2023	\$ (31,794)
2024	(31,794)
2025	(31,483)
2026	(28,979)
2027	(23,968)
Thereafter	<u>(51,705)</u>
Total	<u>\$ (199,723)</u>

## (10) Risk Management

Fort Madison Community School District is a member in the Iowa Education Benefits Program (IEBP), an Iowa Code Chapter 28E Organization. The IEBP is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. IEBP was for the purpose of managing and funding employee benefits. IEBP provides coverage and protection in the following categories: medical, dental, vision, basic life and disability.

Each member's contributions to IEBP funds current operations and provides capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, IEBP's general and administrative expenses, claims, and claim expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to IEBP for the year ended June 30, 2022 were \$1,805,620.

Payments from participating members are used to buy health insurance from Wellmark and paying dental and vision claims. In the event that claims exceed premiums and reserves, an assessment may be necessary to pay claims and replenish reserves in the program.

Most members agree to continue membership in the pool for a period of not less than full year. After such a period, a member who has given 30 days prior written notice may withdraw. IEBP will pay claims incurred before the termination date.

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

**(11) 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 \$1,017,654 for the year ended June 30, 2022 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(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 schedule of the categorical funding restricted in the General Fund at June 30, 2022.

Program	Amount
Returning Dropouts and Dropout Prevention Programs	\$ 93,865
Four-Year-Old Preschool State Aid	68,843
Teacher Salary Supplement	343,892
Iowa Early Intervention Block Grant	40,473
Textbook Aid for Nonpublic Students	6,447
Successful Progression for Early Readers	55,438
Professional Development	140,457
Computer Science Professional Development Incentive Grant	600
Total	<u>\$ 750,015</u>

**(13) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2022, District expenditures in the non-instructional programs functional area exceeded the amended amounts budgeted.

**(14) Accounting Change**

Governmental Accounting Standards Board Statement 87, Leases was implemented during the year, however, the statement had no effect on the District for the year ended June 30, 2022.

**(15) 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

Other entities within the District provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, Lee County offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

Property tax revenues of the District were reduced the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of Fort Madison	Urban Renewal and Economic Development Projects	\$ 84,191
Lee County	Chapter 404 tax abatement program	282,553

**(16) Reconciliation of Governmental Fund Balances to Net Position**

Detailed reconciliation of certain governmental fund balances to net position is as follows:

	Net investment in Capital Assets	Debt Service	School Infrastructure	Unassigned/Unrestricted
Fund balance (Exhibit C)	\$ -	1,647,579	18,375,030	8,912,584
Capital assets, net of accumulated depreciation	23,139,111	-	-	-
Revenue bond capitalized indebtedness	(1,702,793)	-	-	-
Unspent bond proceeds	-	-	(18,297,207)	-
Accrued interest payable	-	(174,138)	-	-
Income surtax	-	-	-	545,998
Compensated absences	-	-	-	(97,148)
Pension related deferred outflows	-	-	-	1,785,643
Pension related deferred inflows	-	-	-	(9,919,614)
Net pension liability	-	-	-	(247,062)
Total OPEB liability	-	-	-	(1,092,624)
OPEB related deferred outflows	-	-	-	103,460
OPEB related deferred inflows	-	-	-	(298,109)
Net position (Exhibit A)	\$ 21,436,318	1,473,441	77,823	(306,872)

REQUIRED SUPPLEMENTARY INFORMATION

FORT MADISON 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, 2022

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Funds	Fund		Original	Final	
	Actual	Actual				
<b>Revenues:</b>						
Local sources	\$ 11,564,968	136,248	11,701,216	11,401,122	11,401,122	300,094
State sources	17,482,788	5,417	17,488,205	17,137,573	17,137,573	350,632
Federal sources	3,636,107	1,046,648	4,682,755	2,350,000	2,350,000	2,332,755
Total revenues	<u>32,683,863</u>	<u>1,188,313</u>	<u>33,872,176</u>	<u>30,888,695</u>	<u>30,888,695</u>	<u>2,983,481</u>
<b>Expenditures/Expenses:</b>						
Instruction	18,861,386	-	18,861,386	19,685,530	19,685,530	824,144
Support services	8,089,147	-	8,089,147	7,728,757	8,278,757	189,610
Non-instructional programs	-	888,388	888,388	850,000	850,000	(38,388)
Other expenditures	10,022,788	-	10,022,788	2,839,023	10,809,023	786,235
Total expenditures/expenses	<u>36,973,321</u>	<u>888,388</u>	<u>37,861,709</u>	<u>31,103,310</u>	<u>39,623,310</u>	<u>1,761,601</u>
Excess (Deficiency) of revenues over (under) expenditures/expenses	(4,289,458)	299,925	(3,989,533)	(214,615)	(8,734,615)	4,745,082
Other financing sources, net	20,063,604	(77,446)	19,986,158	-	-	19,986,158
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	15,774,146	222,479	15,996,625	(214,615)	(8,734,615)	24,731,240
Balances beginning of year	16,478,719	90,188	16,568,907	14,526,295	14,526,295	2,042,612
Balances end of year	<u>\$ 32,252,865</u>	<u>312,667</u>	<u>32,565,532</u>	<u>14,311,680</u>	<u>5,791,680</u>	<u>26,773,852</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2022

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 Custodial Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$8,520,000.

During the year ended June 30, 2022, expenditures in the non-instructional programs functional area exceeded the amended amounts budgeted.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 FOR THE LAST EIGHT YEARS\*  
 REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.072810%	0.184393%	0.192805%	0.198892%	0.199950%	0.201942%	0.200281%	0.207451%
District's proportionate share of the net pension liability	\$ 251,360	12,953,146	11,164,704	12,586,402	13,319,184	12,708,865	9,894,857	8,227,326
District's covered payroll	\$ 14,581,353	14,643,199	14,692,124	14,956,281	14,925,285	14,498,588	13,735,532	13,581,489
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.72%	88.46%	75.99%	84.15%	89.24%	87.66%	72.04%	60.58%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

\* In accordance with Governmental Accounting Standards Board 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.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 FOR THE LAST TEN YEARS  
 REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 1,459,414	1,376,479	1,382,317	1,386,937	1,335,597	1,332,828	1,294,724	1,226,583	1,212,827	1,145,339
Contributions in relation to the statutorily required contribution	(1,459,414)	(1,376,479)	(1,382,317)	(1,386,937)	(1,335,597)	(1,332,828)	(1,294,724)	(1,226,583)	(1,212,827)	(1,145,339)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 15,459,873	14,581,353	14,643,199	14,692,124	14,956,281	14,925,285	14,498,588	13,735,532	13,581,489	13,210,369
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

	2022	2021	2020	2019	2018
Service cost	\$ 105,235	112,134	80,473	78,525	76,688
Interest cost	27,334	27,179	37,156	37,532	38,594
Differences between expected and actual experience	(32,791)	(129,998)	-	(92,831)	-
Changes in assumptions	(111,675)	57,524	95,484	(37,464)	(22,209)
Benefit payments	(54,193)	(48,946)	(49,480)	(52,469)	(43,771)
Net change in total OPEB liability	(66,090)	17,893	163,633	(66,707)	49,302
Total OPEB liability beginning of year	1,187,190	1,169,297	1,005,664	1,072,371	1,023,069
Total OPEB liability end of year	\$ 1,121,100	1,187,190	1,169,297	1,005,664	1,072,371
Covered-employee payroll	\$ 13,169,265	13,796,950	13,258,138	13,651,459	14,356,928
Total OPEB liability as a percentage of covered-employee payroll	8.51%	8.60%	8.82%	7.37%	7.47%

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

No assets are accumulated in the trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2022	3.54%
Year ended June 30, 2021	2.16%
Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.50%
Year ended June 30, 2018	3.89%
Year ended June 30, 2017	3.58%



## SUPPLEMENTARY INFORMATION

FORT MADISON COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

	Special Revenue		
	Management Levy	Student Activity	Total
<b>Assets</b>			
Cash and pooled investments	\$ 847,482	213,704	1,061,186
Receivables:			
Property tax:			
Delinquent	5,583	-	5,583
Succeeding year	505,104	-	505,104
Accounts	-	5,000	5,000
<b>Total assets</b>	<b>\$ 1,358,169</b>	<b>218,704</b>	<b>1,576,873</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ -	10,015	10,015
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property taxes	505,104	-	505,104
Fund balances:			
Restricted for:			
Management levy purposes	853,065	-	853,065
Student activities	-	208,689	208,689
Total fund balances	853,065	208,689	1,061,754
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,358,169</b>	<b>218,704</b>	<b>1,576,873</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 474,401	-	474,401
Other	14,129	395,295	409,424
State sources	7,489	-	7,489
Total revenues	<u>496,019</u>	<u>395,295</u>	<u>891,314</u>
Expenditures:			
Current:			
Instruction:			
Regular	198,359	-	198,359
Other	-	399,279	399,279
Support services:			
Administration	34,291	-	34,291
Operation and maintenance of plant	121,112	-	121,112
Transportation	47,689	-	47,689
Total expenditures	<u>401,451</u>	<u>399,279</u>	<u>800,730</u>
Change in fund balances	94,568	(3,984)	90,584
Fund balances beginning of year	<u>758,497</u>	<u>212,673</u>	<u>971,170</u>
Fund balances end of year	<u>\$ 853,065</u>	<u>208,689</u>	<u>1,061,754</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUND ACCOUNTS  
 JUNE 30, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and pooled investments	\$ 20,535,347	1,490,269	22,025,616
Receivables:			
Property tax:			
Delinquent	-	15,634	15,634
Succeeding year	-	1,346,049	1,346,049
Due from other governments	525,346	-	525,346
<b>Total assets</b>	<b>\$ 21,060,693</b>	<b>2,851,952</b>	<b>23,912,645</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1,038,084	-	1,038,084
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	1,346,049	1,346,049
Fund balances:			
Nonspendable			
Restricted for:			
Debt service	1,647,579	-	1,647,579
School infrastructure	18,375,030	-	18,375,030
Physical plant and equipment	-	1,505,903	1,505,903
Total fund balances	20,022,609	1,505,903	21,528,512
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 21,060,693</b>	<b>2,851,952</b>	<b>23,912,645</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2022

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	1,339,214	1,339,214
Other	12,183	1,285	13,468
State sources	2,855,499	20,915	2,876,414
Total revenues	<u>2,867,682</u>	<u>1,361,414</u>	<u>4,229,096</u>
Expenditures:			
Current:			
Instruction:			
Regular	220,359	23,940	244,299
Support services:			
Instructional staff	-	7,438	7,438
Administration	155,175	38,877	194,052
Transportation	-	59,819	59,819
Capital outlay	2,653,971	179,551	2,833,522
Total expenditures	<u>3,029,505</u>	<u>309,625</u>	<u>3,339,130</u>
Excess (Deficiency) of revenues over (under) expenditures	(161,823)	1,051,789	889,966
Other financing sources (uses):			
Revenue bond proceeds	20,000,000	-	20,000,000
Premium on bond issuance	266,173	-	266,173
Discount on bond issuance	(310,015)	-	(310,015)
Transfer out	(6,171,612)	-	(6,171,612)
Total other financing sources (uses)	<u>13,784,546</u>	<u>-</u>	<u>13,784,546</u>
Change in fund balances	13,622,723	1,051,789	14,674,512
Fund balances beginning of year	<u>6,399,886</u>	<u>454,114</u>	<u>6,854,000</u>
Fund balances end of year	<u>\$ 20,022,609</u>	<u>1,505,903</u>	<u>21,528,512</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
YEAR ENDED JUNE 30, 2022

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
Child Health	\$ 6,560	-	-	-	6,560
Activity Account	1,852	192	370	-	1,674
Undistributed	-	157	-	-	157
Speech-Large Group	-	-	185	185	-
Vocal Music Fundraiser	6,759	25,954	22,733	-	9,980
Band - Student Activity	-	200	1,625	1,425	-
Band Fundraiser	6,587	6,784	10,105	-	3,266
Co-Curricular Activities	12,160	20,875	32,296	12,639	13,378
Gate Receipts	-	89,707	301	(89,406)	-
Soccer Co-Ed	-	800	9,006	8,206	-
Soccer Fundraiser	7,944	14,626	14,535	-	8,035
Cross Country	-	1,360	3,104	1,744	-
Boys Basketball	-	-	6,801	6,801	-
Boys Basketball Fundraiser	85	659	1,452	708	-
Football	-	600	10,336	9,736	-
Football Fundraiser	2,367	10,853	12,203	-	1,017
Baseball	-	-	4,709	4,709	-
Baseball Fundraiser	2,511	32,414	26,231	-	8,694
Boys Track	-	320	3,247	2,927	-
Boys Tennis	-	-	247	247	-
Boys Golf	-	-	1,219	1,219	-
Wrestling	-	3,621	12,798	9,177	-
Wrestling Fundraiser	5,976	5,422	2,992	-	8,406
Girls Basketball	-	-	4,565	4,565	-
Girls Basketball Fundraiser	-	-	839	839	-
Girls Soccer	-	-	2,510	2,510	-
Girls Soccer Fundraiser	-	3,707	6,564	4,592	1,735
Volleyball	-	-	3,837	3,837	-
Volleyball Fundraiser	3,060	204	896	-	2,368
Softball	-	-	3,270	3,270	-
Softball Fundraiser	3,560	7,187	5,290	-	5,457
Girls Track	-	390	5,629	5,239	-
GTR/BTR/CC Fundraiser	3,865	3,471	6,852	-	484
Girls Tennis	-	-	274	274	-
Girls Tennis Fundraiser	-	-	54	54	-
Bloodhound Productions	768	-	-	-	768
Art Club	1,435	2,449	1,525	-	2,359
Student Activity	-	584	1,655	1,071	-
FFA	-	8,262	7,300	-	962
HS Employee Activity	668	526	418	-	776
FCCLA	272	594	523	-	343
HS Student Government	4,186	4,364	6,234	-	2,316
Key Club	3,701	142	642	-	3,201
Madisonian	11,318	6,490	5,374	-	12,434
District Education Club	891	2,730	3,652	31	-
Building Trades VICA	10	-	-	-	10

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SCHEDULE 5

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
Machine Shop VICA	10,534	682	8,540	-	2,676
Auto Shop VICA	889	100	175	-	814
Welding Student Activity	2,586	3,543	1,992	-	4,137
National Honor Society	-	4,085	3,823	-	262
Science Club	13	500	390	-	123
Student Concessions	2,830	-	-	-	2,830
Dance & Drill Team	-	-	756	756	-
Dance & Drill Team Fundraiser	606	440	-	-	1,046
Cheerleading Fundraiser	5,878	7,154	6,278	-	6,754
High School E-Reader Book Club	1,009	3,813	3,639	-	1,183
Class of 2022	4,551	550	4,164	-	937
Class of 2023	821	3,803	528	-	4,096
Class of 2024	313	5,171	1,071	-	4,413
Class of 2025	-	1,674	502	-	1,172
Future Tech Challenge Team	2,754	5,000	5,000	-	2,754
Fort Madison Shooting Sports	17,237	38,584	43,032	-	12,789
Athletic Enhancement Club	792	500	1,244	-	48
Roxy's Rack - HS	681	250	-	-	931
Social Studies Club	32	-	-	-	32
Band Trip Account	9,738	6,511	9,252	-	6,997
Band/Choir Fundraiser	4,321	475	3,451	-	1,345
GSA - Gay Straight Alliance	1,856	261	-	-	2,117
High School Job Experience	86	-	-	-	86
MS Vocal Music Fundraiser	2,126	12,495	11,074	-	3,547
MS Instrumental Music	894	13,324	12,303	-	1,915
Industrial Tech	4,266	-	-	-	4,266
Environmental Club	801	-	-	-	801
Family and Consumer	1,524	-	-	-	1,524
MS Boys Basketball	-	-	546	546	-
MS Football	-	-	1,065	1,065	-
MS Girls Basketball	-	-	234	234	-
MS Volleyball	-	-	800	800	-
MS Student Activity	10,533	9,530	8,185	-	11,878
MS Employee Activity	3,074	1,295	3,371	-	998
MS Library Club	357	7,461	7,238	-	580
Prairie Fire Theatre	24	-	-	-	24
MS Science Activity	551	9,592	8,682	-	1,461
Lincoln Special Education Club	3,194	-	1,883	-	1,311
Lincoln Student Activity	7,439	199	-	-	7,638
Lincoln Employee Activity	3,475	196	-	-	3,671
Richardson PTO	1,420	299	-	-	1,719
Richardson Student Activity	14,053	100	3,911	-	10,242
Richardson Employee Activity	577	312	-	-	889
Richardson Bookstore	4,303	1,752	1,752	-	4,303
<b>Total</b>	<b>\$ 212,673</b>	<b>395,295</b>	<b>399,279</b>	<b>-</b>	<b>208,689</b>

FORT MADISON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Local sources:										
Local tax	\$ 10,515,694	10,964,537	10,286,882	10,337,796	8,855,189	7,951,818	7,786,512	6,967,237	6,553,667	9,198,982
Tuition	223,825	193,937	273,082	217,767	199,372	244,986	254,104	323,461	382,043	344,570
Other	825,449	724,122	922,562	1,042,074	956,655	923,634	1,119,793	883,601	649,329	608,174
State sources	17,482,788	16,817,712	16,391,870	16,737,788	16,390,614	16,959,341	16,115,967	15,434,833	15,266,607	12,822,162
Federal sources	3,636,107	1,742,083	1,255,375	1,295,706	1,085,365	1,138,883	1,077,949	1,055,715	971,675	1,852,860
<b>Total</b>	<b>\$ 32,683,863</b>	<b>30,442,391</b>	<b>29,129,771</b>	<b>29,631,131</b>	<b>27,487,195</b>	<b>27,218,662</b>	<b>26,354,325</b>	<b>24,664,847</b>	<b>23,823,321</b>	<b>24,826,748</b>
Expenditures:										
Instruction:										
Regular	\$ 11,436,090	10,642,525	10,696,106	10,064,046	10,283,679	10,602,647	10,382,347	10,094,691	9,354,262	9,318,295
Special	4,158,219	3,810,482	3,915,698	3,911,725	3,603,202	3,716,778	3,638,011	3,806,232	3,975,924	3,934,298
Other	3,267,077	2,680,008	2,686,046	3,086,720	3,300,523	3,052,547	3,197,943	2,986,163	2,943,440	2,644,397
Support services:										
Student	913,709	646,617	647,431	657,952	674,709	665,039	591,364	552,046	551,613	489,653
Instructional staff	1,549,601	1,683,532	1,373,306	1,379,515	1,255,082	1,186,890	661,771	608,556	851,324	602,681
Administration	2,394,947	2,023,167	2,052,354	2,046,423	2,054,264	2,035,863	2,070,659	2,002,474	1,968,063	1,893,365
Operation and maintenance of plant	2,138,149	1,932,057	1,707,589	2,001,500	1,997,513	1,923,377	1,807,103	1,770,773	1,942,712	1,705,966
Transportation	1,092,741	1,120,007	793,380	1,061,852	950,328	1,056,906	1,206,728	904,211	1,025,671	1,064,141
Capital outlay	2,833,522	886,991	205,304	217,217	973,223	727,380	994,524	311,898	951,035	4,367,136
Long-term debt:										
Principal	6,119,000	968,000	933,000	10,720,000	735,000	720,000	705,000	710,000	600,000	595,000
Interest	52,612	181,319	225,310	790,486	509,957	541,058	563,795	588,286	608,683	623,358
Other expenditures:										
AEA flowthrough	1,017,654	981,428	974,662	957,845	951,994	937,807	953,742	939,786	930,390	894,217
<b>Total</b>	<b>\$ 36,973,321</b>	<b>27,556,133</b>	<b>26,210,186</b>	<b>36,895,281</b>	<b>27,289,474</b>	<b>27,166,292</b>	<b>26,772,987</b>	<b>25,275,116</b>	<b>25,703,117</b>	<b>28,132,507</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2022

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Passed through Iowa Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	FY22	\$ 140,955
National School Lunch Program	10.555	FY22	853,935 *
Summer Food Service Program for Children	10.559	FY22	51,144
Total Child Nutrition Cluster			1,046,034
COVID-19 - Pandemic EBT Administrative Costs	10.649	FY22	614
Total U.S. Department of Agriculture			1,046,648
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY22	534,800
Career and Technical Education - Basic Grants to States	84.048	FY22	36,948
Supporting Effective Instruction State Grants	84.367	FY22	104,355
Student Support and Academic Enrichment Program	84.424	FY22	35,302
Education Stabilization Fund:			
COVID-19 - Rethink K-12 Education Models Discretionary Grant	84.425B	FY22	6,465
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	FY22	10,432
COVID-19 - Elementary and Secondary School Relief (ESSER) Fund	84.425D	FY22	1,245,620
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	FY22	1,043,445
Total Education Stabilization Fund			2,305,962
Passed through Great Prairie Area Education Agency:			
Special Education Grants to States	84.027	FY22	110,422
COVID-19 - American Rescue Plan - Special Education Grants to States	84.027X	FY22	17,035
			127,457
Passed through Iowa Vocational Rehabilitation Services:			
Rehabilitaion Services Vocational Rehabilitaion Grants to States	84.126	FY22	57,388
Total U.S. Department of Education			3,202,212
U.S. Department of Health and Human Services:			
Passed through Iowa Department of Public Health:			
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	FY22	60,789
Total			\$ 4,309,649

\* - Includes \$85,514 of non-cash awards

**Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Fort Madison Community School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Fort Madison Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of Fort Madison Community School District.

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

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
115 North 3rd Avenue West, Newton, Iowa 50208-3218  
Telephone (641) 792-1910

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 Fort Madison Community School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 Fort Madison Community School District as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fort Madison Community School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fort Madison Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fort Madison Community School District's internal control.

A deficiency in internal control exists when the design or operation of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that are not identified.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2022 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.

#### Fort Madison Community School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedure on Fort Madison Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Fort Madison Community School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

#### Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Fort Madison 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.

  
NOLTE, CORNMAN & JOHNSON, P.C.

March 2, 2023  
Newton, Iowa

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
115 North 3rd Avenue West, Newton, Iowa 50208-3218  
Telephone (641) 792-1910

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

To the Board of Education of Fort Madison Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fort Madison Community School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of Fort Madison Community School District's major federal programs for the year ended June 30, 2022. Fort Madison Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Fort Madison Community School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fort Madison Community School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fort Madison Community School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Fort Madison Community School District's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fort Madison Community School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Fort Madison Community School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fort Madison Community School District's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fort Madison Community School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fort Madison Community School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weakness as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

March 2, 2023  
Newton, Iowa

FORT MADISON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were as follows:
  - Child Nutrition Cluster
  - Assistance Listing Number 84.425 - Education Stabilization Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Fort Madison Community School District qualified as a low-risk auditee.

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

No matters were noted.

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major programs were noted.

FORT MADISON COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2022

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

2022-A Certified Budget - Expenditures for the year ended June 30, 2022 exceeded the amended certified budget amounts in the non-instructional programs function.

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

Response – The District will amend its budget in accordance with Chapter 24.9 of the Code of Iowa.

Conclusion – Response accepted.

2022-B Questionable Expenditures - During our audit, we noted the District purchased gift cards. Iowa Code Section 279.29 requires the board to “audit and allow” all claims against the District. Gift certificates/cards do not provide the board an opportunity to perform the required function in accordance with Iowa Code Section 279.29 and do not appear to meet public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

Recommendation - The District should refrain from purchasing gift cards in compliance with Iowa Code Section 279.29 and the Attorney General’s opinion dated April 25, 1979.

Response – The District will review policies and procedures in place to avoid the purchase of gift cards.

Conclusion – Response accepted.

2022-C 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.

2022-D Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Clint Kobelt, Instructor Owns Clint Kobelt Contracting	Services	\$600

In accordance with an Attorney General’s opinion dated July 2, 1990, the aforementioned transaction with the District employee does not appear to represent a conflict of interest.

2022-E Restricted Donor Activity - No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2022-F 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 the coverage is adequate for current operations.

- 2022-G Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted instances of board minutes not submitted for publication within two weeks following adjournment as required by Chapter 279.35 of the Code of Iowa.
- Recommendation - The District should furnish a copy of Board proceedings for publication within two weeks of each meeting in compliance with Chapter 279.35 of the Code of Iowa.
- Response – The District will furnish a copy of Board proceedings for publication in accordance with Chapter 279.35 of the Code of Iowa.
- Conclusion – Response accepted.
- 2022-H Certified Enrollment - We noted the basic enrollment data certified to the Iowa Department of Education was understated by 4.33 students.
- Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Conclusion - Response accepted.
- 2022-I Supplementary Weighting - We noted during our audit the supplementary weighting data certified to the Iowa Department of Education was overstated by 0.042.
- Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Response - The District's auditors will contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.
- Conclusion - Response accepted.
- 2022-J Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- 2022-K Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- 2022-L Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

2022-M Statewide Sales, Services and Use Tax - No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in 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, 2022, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 6,399,886
Revenues:		
Sales tax revenues	\$ 2,855,499	
Other local revenues	12,183	
Sale of long-term debt	20,000,000	
Other	266,173	23,133,855
Expenditures/transfers out:		
School infrastructure construction	2,653,971	
Equipment	220,359	
Other	465,190	
Transfers to other funds:		
Debt Service	6,171,612	9,511,132
Ending balance		<u>\$ 20,022,609</u>

For the year ended June 30, 2022, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

2022-N Student Activity Fund - During our audit concerns arose about the propriety of certain receipts, expenditures and accounts within the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The Student Activity Fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more appropriately included in another fund. Moneys in this fund shall be used to support only the co-curricular program defined in Department of Education administrative rules (298A.9). During our audit, we noted the Employee Activity Accounts, Richardson Employee, Richardson PTO and Richardson Bookstore accounts within the Student Activity Fund do not appear to be extracurricular or co-curricular in nature and, therefore, do not appear allowable in the Student Activity Fund.

Recommendation - The District should review the accounts listed above and determine if they represent extra-curricular or co-curricular programs or if they are administratively maintained and, therefore, more appropriately reflected in the General Fund or a Custodial Fund. If these accounts are determined to be more appropriately maintained in another fund, the Board of Education should then approve any necessary interfund transfers to move these account balances and record any subsequent transactions in the appropriate funds.

Response - The District will review the receipts and expenditures of these accounts within the Student Activity Fund and move the money to the appropriate fund.

Conclusion - Response accepted.

## APPENDIX E – FORM OF ISSUE PRICE CERTIFICATES

### EXHIBIT A

#### FORT MADISON COMMUNITY SCHOOL DISTRICT, IOWA \$9,875,000 SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUE BONDS, SERIES 2023 ISSUE PRICE CERTIFICATE

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

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.
2. Initial Offering Price of the Hold-the-Offering-Price Maturities.
  - a. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
  - b. As set forth in the Terms of Offering, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.
3. Defined Terms.
  - c. General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."
  - d. Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."
  - e. Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ( March 27, 2023), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
  - f. Issuer means the Fort Madison Community School District.
  - g. 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.
  - h. 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.
  - i. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 20, 2023.
  - j. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

[UNDERWRITER]

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

Name: \_\_\_\_\_

Dated: April 11, 2023

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

SCHEDULE B  
PRICING WIRE OR EQUIVALENT COMMUNICATION

**EXHIBIT A**  
**FORT MADISON COMMUNITY SCHOOL DISTRICT, IOWA**  
**\$9,875,000 SCHOOL INFRASTRUCTURE SALES, SERVICES AND USE TAX REVENUE BONDS, SERIES 2023**  
**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.

- d. 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.
- e. 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.
- f. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 20, 2023.
- g. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: April 11, 2023

SCHEDULE A  
EXPECTED OFFERING PRICES  
(Attached)

SCHEDULE B  
COPY OF UNDERWRITER'S BID  
(Attached)