



EAST MARSHALL
COMMUNITY SCHOOL DISTRICT

\$15,000,000*

East Marshall Community School District, Iowa
General Obligation School Bonds
Series 2026

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

DATE: Wednesday, April 15, 2026
TIME: 1:00 PM
PLACE: District Office
204 West Center St.
Gilman, IA 50106

Standard & Poor's Rating: "A"

* Preliminary, subject to change

PIPER | SANDLER

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

OFFICIAL BID FORM

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

Re: \$15,000,000* General Obligation School Bonds, Series 2026, dated the date of delivery, of the Issuer (the "Bonds")

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

<u>Coupon</u>	<u>Yield</u>	<u>Due</u>	<u>Coupon</u>	<u>Yield</u>	<u>Due</u>
_____	_____	June 1, 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
_____	_____	June 1, 2035	_____	_____	June 1, 2045
_____	_____	June 1, 2036	_____	_____	June 1, 2046

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

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

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

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

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

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

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

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

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

Account Manager

Signature of Account Manager

The foregoing offer is hereby accepted by and on behalf of the Board of Directors of the East Marshall Community School District, in the Counties of Marshall, Jasper, Poweshiek and Tama of Iowa, State of Iowa, this 15th day of April 2026.

ATTEST:

District Secretary

Board President

* _____
Preliminary, subject to change

OFFICIAL TERMS OF OFFERING

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

The Bonds to be offered are the following:

GENERAL OBLIGATION SCHOOL BONDS, SERIES 2026, in the principal amount of \$15,000,000* dated the date of delivery in the denomination of \$5,000 or multiples thereof, and maturing as shown on the front page of the official statement.

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER DETERMINATION OF BEST BID. The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to increase or reduction by the Issuer or its designee after the determination of the Successful Bidder. The Issuer may increase or decrease each maturity in increments of \$5,000. Interest rates specified by the Successful Bidder for each maturity will not change. Final adjustments shall be in the sole discretion of the Issuer. The total par amount will not exceed \$15,000,000.

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 municipal advisor will make every effort to ensure that the percentage net compensation to the Successful Bidder (the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the Issuer (not including accrued interest), less any bond insurance premium and credit rating fee, if any, to be paid by the Successful Bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to principal amounts shown in the maturity schedule.

Optional Redemption: The Bonds maturing after June 1, 2032, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

Interest: Interest on said Bonds will be payable on December 1, 2026 and semiannually on the 1st day of June and December thereafter. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

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

Good Faith Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a wire in the amount of \$150,000* for the Bonds, payable to the order of the Issuer, is required for each bid to be considered. If a check is used, it must accompany each bid. If a wire is to be used, it must be received by the Issuer not later than two hours after the time stated for receipt of bids. The Municipal advisor or the Issuer will provide the apparent winning bidder (the "Purchaser") with wiring instructions, by email, within 10 minutes of the stated time when bids are due. If the wire is not received at the time indicated above, the Issuer will abandon its plan to award to the Purchaser, and will contact the next highest bidder received and offer said bidder the opportunity to become the Purchaser, on the terms as outlined in said bidder's bid, so long as said bidder submits a good faith wire within two hours of the time offered. The Issuer will not award the Bonds to the Purchaser absent receipt of the Deposit prior to action awarding the Bonds. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its bid, the Deposit will be retained by the Issuer.

Form of Bids: All bids shall be unconditional for the entire issue of Bonds for a price of not less than 98.30% of par, plus accrued interest, and shall specify the rate or rates of interest in conformity to the limitations set forth herein. Bids must be submitted on or in substantial compliance with the Official Bid Form provided by the Issuer or through the Internet Bid

* Preliminary, subject to change

System. The Issuer shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bid, facsimile facilities or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

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

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

Scaled Bidding: Sealed bids may be submitted and will be received at the District Office, East Marshall Community School District, 204 West Center St., Gilman, IA.

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

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

Electronic Facsimile Bidding: Electronic Facsimile Bids will not be accepted.

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

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

For maturities 2027-2032, no rate bid may be more than 2% higher than any other rate bid.

For maturities 2033-2046 rates must be in level or ascending order.

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

Establishment of Issue Price:

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

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

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

- (3) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Official Terms of Offering.

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

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

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

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

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

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

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

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

member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

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

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

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

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

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

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

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

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

CUSIP Numbers: It is anticipated that CUSIP numbers will be printed on the Bonds. In no event will the Issuer be responsible for or Bond Counsel review or express any opinion of the correctness of such numbers, and incorrect numbers on said Bonds

shall not be cause for the purchaser to refuse to accept delivery of the Bonds. The fee will be paid for by the Issuer.

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

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

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

For more information see the Continuing Disclosure section herein.

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

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

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 27, 2026

NEW ISSUE - DTC BOOK ENTRY ONLY

Rating: "A"

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 on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Interest on the Bonds is not exempt from present Iowa income taxes. The Bonds will NOT be designated as "qualified tax-exempt obligations." See "TAX EXEMPTION AND RELATED TAX MATTERS" herein for a more detailed discussion.



\$15,000,000*

East Marshall Community School District, Iowa

General Obligation School Bonds

Series 2026

Dated: Date of Delivery

The General Obligation School Bonds, Series 2026 described above (the "Bonds") are issuable as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee of the Depository Trust Company, New York, NY ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the Bondholder, the principal of, premium, if any, and interest on the Bonds will be paid by UMB Bank, n.a., as Registrar and Paying Agent (the "Registrar"), or its successor, to DTC, or its nominee, Cede & Co. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants as more fully described herein. Neither East Marshall Community School District, Iowa (the "District" or the "Issuer") nor the Registrar will have any responsibility or obligation to such DTC Participants, indirect participants or the persons for whom they act as nominee with respect to the Bonds.

Interest on the Bonds is payable on June 1 and December 1 in each year, beginning December 1, 2026 to the registered owners thereof. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

The Bonds maturing after June 1, 2032 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>Bonds Due</u>	<u>Amount*</u>	<u>Rate *</u>	<u>Yield *</u>	<u>Cusip #'s **</u>	<u>Bonds Due</u>	<u>Amount*</u>	<u>Rate *</u>	<u>Yield *</u>	<u>Cusip #'s **</u>
June 1, 2027	\$860,000			273613 BN8	June 1, 2037	\$730,000			273613 BY4
June 1, 2028	520,000			273613 BP3	June 1, 2038	755,000			273613 BZ1
June 1, 2029	540,000			273613 BQ1	June 1, 2039	785,000			273613 CA5
June 1, 2030	560,000			273613 BR9	June 1, 2040	815,000			273613 CB3
June 1, 2031	580,000			273613 BS7	June 1, 2041	845,000			273613 CC1
June 1, 2032	605,000			273613 BT5	June 1, 2042	880,000			273613 CD9
June 1, 2033	625,000			273613 BU2	June 1, 2043	915,000			273613 CE7
June 1, 2034	650,000			273613 BV0	June 1, 2044	950,000			273613 CF4
June 1, 2035	675,000			273613 BW8	June 1, 2045	985,000			273613 CG2
June 1, 2036	700,000			273613 BX6	June 1, 2046	1,025,000			273613 CH0

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

The Bonds are being offered when, as and if issued by the Issuer and accepted by the Underwriter, subject to receipt of an opinion as to legality, validity and tax exemption by Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel. Ahlers & Cooney, P.C. is also serving as Disclosure Counsel to the Issuer. Piper Sandler & Co. is serving as Municipal Advisor to the Issuer in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Municipal Advisor by Dentons Davis Brown PC, Des Moines, Iowa. It is expected that the Bonds in the definitive form will be available for delivery through the facilities of DTC on or about June 4, 2026. 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 _____, 2026

* Preliminary, subject to change

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

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

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

TABLE OF CONTENTS

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

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

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

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

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

FORWARD-LOOKING STATEMENTS

This Official Statement, including appendices attached hereto, 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 "anticipated," "plan," "expect," "projected," "estimate," "budget," "pro forma," "forecast," "intend," or similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT EXPECT OR INTEND TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE DISTRICT ON THE DATE HEREOF, AND THE DISTRICT ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "CONTINUING DISCLOSURE."

OFFICIAL STATEMENT
EAST MARSHALL COMMUNITY SCHOOL DISTRICT, IOWA
\$15,000,000* GENERAL OBLIGATION SCHOOL BONDS, SERIES 2026

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the East Marshall Community School District, Iowa (the “District” or the “Issuer”), in connection with the sale of the Issuer’s General Obligation School Bonds, Series 2026 (the “Bonds”). Proceeds of the Bonds, when combined with the proceeds of the remainder of voter authorized General Obligation School Bonds in the amount of approximately \$4,800,000 yet to be issued in 2027, will provide funds to: i) build, furnish, and equip additions to the elementary building, including a gymnasium, classrooms, and restrooms, and to the high school building, including classrooms and restrooms, with related remodeling and site improvements; for HVAC improvements at the elementary and high school buildings; and to remodel, repair, furnish, and equip portions of the middle school building, including the gymnasium and district office, with related site improvements, and ii) pay costs of issuance for the Bonds (the “Project”). See “**SOURCES AND USES OF FUNDS**” herein.

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

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

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

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

THE BONDS

General

The Bonds are dated as of the date of delivery and will bear interest at the rates to be set forth on the cover page herein, interest payable on June 1 and December 1 in each year, beginning on December 1, 2026, calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable by check or draft of the Paying Agent mailed to the persons who were registered owners thereof as of the fifteenth day of the month immediately preceding the Interest Payment Date, to the addresses appearing on the registration books maintained by the Paying Agent or to such other address as is furnished to the Paying Agent in writing by a registered owner.

Authorization for the Issuance

The Bonds are being issued pursuant to the Code of Iowa, 2025, as amended, Chapter 296, approval of the District voters for the Project at an election held on November 4, 2025, and a resolution of the Board of Directors expected to be adopted by the Issuer on May 20, 2026 (the “Resolution” or the “Bond Resolution”).

Book-Entry Only System

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

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

* Preliminary, subject to change

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

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

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

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

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

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

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

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

Redemption proceeds, distributions and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered

in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

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

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

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

Transfer and Exchange

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

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

Prepayment

Optional Prepayment: The Bonds maturing after June 1, 2032, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot. The terms of redemption shall be par, plus accrued interest to date of call.

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

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

_____ Term Bond
Mandatory Sinking Fund Date Principal Amount
§

(maturity)

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

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

Source of Security for the Bonds

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

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

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

BONDHOLDERS' RISKS

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. 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.

Tax Levy Procedures

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

action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the Bond Resolution) may have to be enforced from year to year.

Changes in Property Taxation

The Bonds are general obligations of the Issuer secured by an unlimited ad valorem property tax as described in the “**THE BONDS - Source of Security for the Bonds**” herein.

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

Matters Relating to Enforceability of Agreements

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

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

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

Secondary Market

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

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.

Pension

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, 2025 (the “IPERS ACFR”), indicates that as of June 30, 2025, the date of the most recent actuarial valuation for IPERS, the funded ratio of IPERS was 90.75%, and the unfunded actuarial liability was approximately \$3.841 billion. The IPERS ACFR identifies the IPERS Net Pension Liability at June 30, 2025, at approximately \$2.323 billion, while its net pension liability at June 30, 2024, was approximately \$3.641 billion. 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 Municipal Advisor, counsel to the Municipal 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, 2025, the Issuer’s IPERS contribution totaled approximately \$542,590. 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, 2025, at approximately \$2,132,586. 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.

Rating Loss

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

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.

Legislative Change Related to School Choice

In 2023 the State of Iowa adopted Legislation (“HF68”) that establishes a general fund appropriation for an Education Savings Account Fund (the “Fund”) under the control of the Iowa Department of Education (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. As of July 1, 2025, all students attending a nonpublic school became eligible for participation beginning 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 June 30, 2026, the SCPP is \$7,988, which amount will be deposited into the Fund, instead of being sent to the Issuer, for each qualifying student within the Issuer 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. According to the Department of Education, there were 9 students who reside within the boundaries of the Issuer but attended non-public schools for the 2022-23 school year; 12 students for the 2023-24 school year; 15 students for the 2024-25 school year, and 17 students for the 2025-26 school year. It is unknown how many additional students, if any, will attend non-public schools in future years, as HF68 is implemented. If a significant number of eligible students in the Issuer transition to non-public schools, it could have an adverse impact on the Issuer’s finances given the reduction in per student funding the Issuer would otherwise receive. See **“THE BONDS – Source of Security for the Bonds”** herein.

Pending Federal Tax Legislation

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

DTC-Beneficial Owners

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

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

Risks as Employer

The Issuer is a major employer, combining a complex mix of 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 computers 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 maintains cyber-insurance policies. The Issuer cannot predict whether these policies would be sufficient in the event of a cyber-incident.

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/Loss of Premium from Redemption

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. Any person who purchases the Bonds at a price in excess of their principal amount or who holds such Bonds trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity.

See "THE BONDS - Prepayment" herein.

Clean up Costs and Liens under Environmental Statutes

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

General Liability Claims

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

Project Completion; Risks of Construction

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

Damage or Destruction to District's Facilities

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

Financial Condition of the Issuer from time to time

No representation is made as to the future financial condition of the Issuer. Certain risks discussed herein could adversely affect the financial condition and/or operations of the Issuer in the future. For fiscal year 2024, the auditor identified a material weakness in internal controls regarding segregation of duties. However, the Bonds are secured by an unlimited ad valorem property tax as described more fully in the "THE BONDS – Source of Security for the Bonds" herein.

Enrollment Trends

The Issuer has experienced a decline in its resident student population over the last five years, negatively impacting its certified enrollment numbers and the amount of revenue received. See **APPENDIX A–Information About the Issuer–Enrollment**. However, the Bonds are secured by an unlimited ad valorem property tax as described more fully in the "THE BONDS – Source of Security for the Bonds" herein.

Continuing Disclosure

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

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each

prospective investor should carefully examine this Official Statement and its own financial condition to make a judgement as to its ability to bear the economic risk of such and investment, and whether or not the bonds are an appropriate investment for such investor.

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.

Tax Matters, No Bank Qualification, and Loss of Tax Exemption

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

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

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

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

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.

Changing priorities in federal policies can result in reductions to the level or priority of federal funding for a variety of federally funded programs, including education related programs. Such changes could have an adverse impact on the Issuer's operations

or financial position.

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.

Risk of Audit

The Internal Revenue Service has an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given as to whether the Internal Revenue Service will commence an audit of the Bonds. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Summary

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

LITIGATION

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

ACCOUNTANT

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

UNDERWRITING

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

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

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

THE PROJECT

Proceeds of the Bonds, when combined with the proceeds of the remainder of voter authorized General Obligation School Bonds in the amount of approximately \$4,800,000 yet to be issued in 2027, will provide funds to: i) build, furnish, and equip additions to the elementary building, including a gymnasium, classrooms, and restrooms, and to the high school building, including classrooms and restrooms, with related remodeling and site improvements; for HVAC improvements at the elementary and high school buildings; and to remodel, repair, furnish, and equip portions of the middle school building, including the gymnasium and district office, with related site improvements, and ii) pay costs of issuance for the Bonds.

SOURCES AND USES OF FUNDS *

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

* Preliminary, subject to change

Future Debt

Voters of the District approved a total of not to exceed \$19,800,000 in General Obligation School Bonds and the balance of that amount, approximately \$4,800,000, is expected to be issued in 2027 for this project. The District has also held the required public hearings for the anticipated issuance of School Infrastructure Sales, Services & Use Tax Revenue Bonds ("SAVE Bonds") and the use of School Infrastructure Sales, Services & Use Tax Revenues for an athletic facility infrastructure project, in an amount not to exceed \$7,500,000, and no petitions were received. The issuance of the SAVE Bonds is expected to take place in 2028, and would fund the demolition & replacement of a portion of the existing school building at Le Grand as well as the conversion of the existing building in Gilman to a wrestling & multi-purpose facility. The exact timing of that next phase project has not yet been determined.

TAX EXEMPTION AND RELATED TAX MATTERS

Tax Exemption

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

Subject to the Issuer's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest may be taken into account in computing the alternative minimum tax imposed on certain corporations.

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

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

NOT Qualified Tax Exemption Obligations

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

Discount and Premium Bonds

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

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

Other Tax Advice

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

Audits

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

Reporting and Withholding

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

Tax Legislation

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

Current and future legislative proposals, including some that carry retroactive effective dates, if enacted into law, court decisions, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. 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 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.

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).

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds and with regard to the tax-exempt status of the interest thereon (see "**TAX EXEMPTION AND RELATED MATTERS**" herein) are subject to the approving legal opinion of Ahlers & Cooney, P.C., Des Moines, Iowa, Bond Counsel, a form of which is attached hereto as "**APPENDIX B – FORM OF BOND COUNSEL OPINION.**" Signed copies of the opinion, dated and premised on law in effect as of the date of original delivery of the Bonds, will be delivered to the Underwriter at the time of such original delivery. The Bonds are offered subject to prior sale and to the approval of legality of the Bonds by Bond Counsel. Ahlers & Cooney, P.C. is also serving as Disclosure Counsel for the Issuer in connection with the issuance of the Bonds. Certain matters will be passed upon for the Municipal Advisor by Dentons Davis Brown PC, Des Moines, Iowa.

Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements, or data contained in this Official Statement and will express no opinion with respect thereto. Bond Counsel has not participated in the preparation of this Official Statement other than to review or prepare information describing the terms of the Bonds, Iowa and Federal law pertinent to the validity of the Bonds, and the tax status of interest on the Bonds which can be found generally under the sections "**THE BONDS**", "**THE BONDS - Source of Security for the Bonds**", and "**TAX EXEMPTION AND RELATED TAX MATTERS**". Additionally, Bond Counsel has provided its form of bond counsel opinion and Issuer's continuing disclosure certificate, found in Appendices B and C.

The legal opinion to be delivered will express the professional judgment of Bond Counsel, and by rendering a legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction.

MUNICIPAL ADVISOR

The Issuer has retained Piper Sandler & Co. as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources

who have access to relevant data to provide accurate information and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy, completion or fairness of such information and data. The Municipal Advisor is not a public accounting firm and has not been engaged by the Issuer to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

CONTINUING DISCLOSURE

The Issuer will covenant in a Continuing Disclosure Certificate 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, 2026, with the Municipal Securities Rulemaking Board, at its internet repository named “Electronic Municipal Market Access” (“EMMA”). The Issuer also has agreed to file its audited financial statement for fiscal year ending June 30, 2025, when available. The notices of events, if any, are also to be filed with EMMA. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The specific nature of the information to be contained in the Annual Report or the notices of events, and the manner in which such materials are to be filed, are summarized in “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

A failure by the District to comply with the Undertaking will not constitute a default under the Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. Any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under the Disclosure Certificate. Direct, indirect, consequential and punitive damages shall not be recoverable by any person for any default thereunder. If the District fails to comply with any provision of the Disclosure Certificate, the sole remedy available shall be an action to compel performance. A failure by the District to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

During the previous five (5) year period, the Issuer believes it has complied in all material respects with regard to its prior Disclosure Covenants.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of Section (b)(5) of the Rule.

MISCELLANEOUS

Brief descriptions or summaries of the Issuer, the Bond, and statutes are included in this Official Statement. The summaries or references herein to the Bonds 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, D and E 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 Issuer has reviewed the information contained herein which relates to and has approved all such information for use within this Official Statement. The execution and delivery of this Official Statement has been duly authorized by the Issuer.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT, STATE OF IOWA

/s/ Allison Frost
Board Secretary

APPENDIX A – GENERAL INFORMATION ABOUT THE ISSUER

**EAST MARSHALL COMMUNITY SCHOOL DISTRICT, IOWA
DISTRICT OFFICIALS**

PRESIDENT	Lisa Meling
BOARD MEMBERS	Andrea Terrones Elizabeth Crandon AnnDee Bloom Andy Cole
SUPERINTENDENT	Kevin Seney
DISTRICT SECRETARY	Allison Frost
DISTRICT TREASURER	Allison Frost
DISTRICT ATTORNEY	

CONSULTANTS

BOND COUNSEL	Ahlers & Cooney, P.C. Des Moines, Iowa
DISCLOSURE COUNSEL	Ahlers & Cooney, P.C. Des Moines, Iowa
MUNICIPAL ADVISOR	Piper Sandler & Co. Des Moines, Iowa
PAYING AGENT	UMB Bank, n.a. West Des Moines, Iowa

General Information

The East Marshall Community School District (the “District” or “Issuer”) is located in central Iowa in the Counties of Marshall, Tama, Jasper & Poweshiek. The District serves the communities of Ferguson, Gilman, Laurel & LeGrand and is accessed by U.S. Highway 30, Iowa Highways 146 & 14 as well as numerous roadways in the County farm-to-market system. Rail service through the District is provided by North-South and East-West rail lines of the Union Pacific Railroad and air service is provided at nearby Marshalltown and Tama with commercial air service found in both Des Moines and Cedar Rapids, each approximately 60 miles away. Higher education opportunities for residents of the District within close proximity are available at Grinnell College, Grinnell; Iowa Valley Community College, Marshalltown; Iowa State University, Ames, University of Northern Iowa, Cedar Falls and University of Iowa, Iowa City.

District Facilities (1)

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

<u>Building</u>	<u>Construction Date</u>	<u>Grades Served</u>
High School	1916, 1953, 1978, 2006	9-12
Middle School	1921, 1961, 1982	6-8
Elementary	1950, 1952, 1991, 2000	PK-5

Enrollment (3)

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

<u>Count Date</u>	<u>Fiscal Year effective</u>	<u>Certified (Resident) (4)(5)</u>	<u>Open Enroll In</u>	<u>Open Enroll Out</u>	<u>Total Served (6)</u>
October-25	2026-27	486.20	198.00	92.00	592.20
October-24	2025-26	489.20	198.00	92.00	595.20
October-23	2024-25	511.50	232.10	97.00	646.60
October-22	2023-24	525.20	248.10	83.00	690.30
October-21	2022-23	567.20	247.10	72.00	742.30

Staff (1)

Presented below is a list of the Issuer's 135 employees.

Administrators:	4	Media Specialists:	1
Teachers:	57	Nurses:	2
Teacher Aids:	20	Guidance:	3
Custodians:	5	Secretaries:	4
Food Service:	8	Transportation:	8
Other:	23	Maintenance:	0

Population (2)

Presented below are population figures for the periods indicated for the cities of Ferguson, Laurel, Gilman and LeGrand.

<u>Year</u>	<u>Ferguson</u>	<u>Laurel</u>	<u>Gilman</u>	<u>LeGrand</u>
2020	97	220	542	905
2010	126	239	509	938
2000	126	266	600	883
1990	166	271	581	854
1980	173	278	642	921
1970	203	245	513	565

(1) Source: the Issuer

(2) Source: U.S. Census Bureau

(3) Source: Iowa Department of Education

(4) Used for Sales Tax distribution

(5) Used for State Aid distribution

(6) 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.

Other Post-Employment Benefits (OPEB) (1)

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

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

Retired participants must be age 55 or older at retirement. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
<u>Active employees</u>	<u>84</u>
Total	93

Total OPEB Liability – The Issuer’s total OPEB liability of \$775,634 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions – the total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement:

Rate of inflation	3.00%
Rates of salary increase, including inflation	3.25%
Discount rate, including inflation	3.65%
Healthcare cost trend rate	5.00% for FY2024 with an ultimate rate of 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.65%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates based on RP annuitant distinct mortality table adjusted to 2006 MP 2021 generational projection of future mortality improvement. Turnover based on school turnover rates of IPERS actuarial valuation. Retirement based on twice school early retirement rates except no more than school unreduced retirement rates of IPERS actuarial valuation.

Changes in the Total OPEB Liability:

Total OPEB obligation – beginning of year	\$798,716
Changes for the year	
Service Cost	38,251
Interest	28,544
Difference between expected & actual experiences	-
Change in assumption	-
<u>Benefit Payments</u>	<u>(109,877)</u>
Net Changes	(43,082)
Net OPEB obligation – end of year	\$755,634

(1) Source: the Issuer

Employee Pension Plan (1)

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

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

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

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

Table 1 – Issuer and Employees Contribution to IPERS.

Fiscal Year	Issuer Contribution		Issuer Employees' Contribution	
	Amount Contributed	% of Covered Payroll	Amount Contributed	% of Covered Payroll
2020	488,376	9.44	\$366,080	6.29
2021	522,530	9.44	363,439	6.29
2022	492,287	9.44	366,928	6.29
2023	483,187	9.44	366,167	6.29
2024	509,279	9.44	382,035	6.29
2025	542,590	9.44	410,575	6.29

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

Table 2 – Recent returns of IPERS (1)

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

Fiscal Year Ended June 30	Investment Return %
2020	3.39
2021	29.63
2022	-3.90
2023	5.41
2024	9.07
2025	9.87

(1) SOURCE: The Issuer

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

Table 3 – Funding Status of IPERS (1)

Valuation Date	Actuarial Value of Assets [a]	Market Value of Assets [b]	Actuarial Accrued Liability [c]	Unfunded Actuarial Accrued Liability (Actuarial Value) [c]-[a]	Funded Ratio (Actuarial Value) [a]/[c]	Unfunded Actuarial Liability (Market Value) [c]-[b]	Funded Ratio (Market Value) [b]/[c]	Covered Payroll [d]	UAAL as a Percentage of Covered Payroll (Actuarial Value) [[c-a]/[d]]
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	40,191,566,259	43,969,714,606	4,615,482,227	89.50	3,778,148,347	91.40	9,018,019,950	51.18
2023	41,012,524,216	41,206,314,259	45,719,979,439	4,707,455,223	89.70	4,513,665,180	90.13	9,588,339,000	49.10
2024	42,927,257,062	43,661,123,300	47,302,619,657	4,375,362,595	90.75	3,641,496,357	92.30	10,002,034,974	43.74
2025	45,222,324,002	46,740,552,175	49,063,230,575	3,840,906,573	92.17	2,322,678,400	95.27	10,525,039,254	36.49

Net Pension Liabilities (2)

At June 30, 2025, the Issuer reported a liability of \$2,132,586 for its proportional share of the IPERS net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discount rate used to measure the total pension liability was 7%. The Issuer’s proportion of the net pension liability was based on the Issuer’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. See “**APPENDIX D–AUDITED FINANCIAL STATEMENTS OF THE ISSUER–NOTES TO THE FINANCIAL STATEMENTS**” for additional information related to the Issuer’s deferred outflows and inflows of resources related to pensions, actuarial assumptions, discount rate and discount rate sensitivity.

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

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

Investment of Public Funds (2)

The Issuer invests its funds pursuant to Chapter 12B of the Code. Presented below is the Issuer’s investing activities as of January 31, 2026:

<u>Type of Investment</u>	<u>Amount Invested</u>
Local Bank Money Market	\$2,676,319.85
Local Bank Deposit Accounts	902,251.88
Local Bank Time CD’s	0
ISJIT Money Market	5,728,949.83
ISJIT Time CD’s	0

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

(2) Source: the Issuer

Major Employers (1)

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

<u>Employer</u>	<u>Business</u>	<u>Approximate Employees</u>
Cessford Construction Co.	Construction materials	100-249
East Marshall CSD	Education	100-249
Swift Greenhouse Inc.	Greenhouses	50-99
Burchland Manufacturing LLC	Manufacturing	10-19
Godfather's Pizza	Restaurant	10-19
Hawkins Electrical Services LLC	Electric contractor	10-19
Partner Communications Co-Op	Electric contractor	10-19
Depot Express	Service station	10-19
Heartland Co-op	Grain elevator	10-19

Property Tax Assessment (2) (3)

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

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

<u>Fiscal</u>						<u>Chap 437</u>	<u>Chap 428/438</u>	
<u>Year</u>	<u>Residential</u>	<u>Ag. Land & Bldgs</u>	<u>Commercial</u>	<u>Multi-residential</u>	<u>Railroad</u>	<u>Utilities</u>	<u>Utilities</u>	<u>Industrial</u>
2026-27	44.5345	59.4401	90.0000	NA	90.0000	94.2059	98.0000	90.0000
2025-26	47.4316	73.8575	90.0000	NA	90.0000	100.0000	NA	90.0000
2024-25	46.3428	71.8370	90.0000	NA	90.0000	100.0000	NA	90.0000
2023-24	54.6501	91.6430	90.0000	NA	90.0000	100.0000	NA	90.0000
2022-23	54.1302	89.0412	90.0000	63.7500	90.0000	100.0000	NA	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, 2024 are used to calculate tax liability for the tax year starting July 1, 2025 through June 30, 2026. Presented below are the historic property valuations of the Issuer by class of property.

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

(2) Source: Iowa Department of Revenue

(3) In 2023, the Legislature created a rollback for small commercial, small railroad and small industrial properties that receive the same rollback rate as residential properties receive for said year, for the valuation of those classes up to \$150,000. Valuation above \$150,000 is taxed at the above rollback rate for each of commercial, railroad and industrial.

Property Valuations (1)

Actual Valuation					
Valuation as of January	2025	2024	2023	2022	2021
<u>Fiscal Year</u>	<u>2026-27</u>	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>
Residential:	271,913,061	239,284,770	236,022,280	184,839,958	177,760,472
Agricultural Land:	232,510,310	184,957,920	185,015,370	147,944,910	148,011,543
Ag Buildings:	7,892,010	6,485,120	6,035,420	3,913,770	3,817,920
Commercial:	33,332,359	33,217,730	32,204,560	25,462,002	17,831,322
Industrial:	40,875,300	40,875,300	40,875,300	40,875,300	40,875,300
Multiresidential:	0	0	0	0	1,192,278
Personal RE:	0	0	0	0	0
Railroads:	27,453,598	28,069,986	27,380,523	26,544,072	24,778,200
Utilities:	2,005,725	400,032	350,198	340,927	1,081,091
Other:	0	0	0	0	0
Total Valuation:	615,982,363	533,290,858	527,883,651	429,920,939	415,348,126
Less Military:	560,000	56,000	60,000	305,580	327,804
Less Homestead:	4,559,025	4,097,120	2,023,510		
Net Valuation:	610,863,338	529,137,738	525,800,141	429,615,359	415,020,322
TIF Valuation:		0	0	0	0
Utility Replacement:	45,204,386	46,044,181	45,577,482	43,102,549	42,577,626
Taxable Valuation					
Valuation as of January	2025	2024	2023	2022	2021
<u>Fiscal Year</u>	<u>2026-27</u>	<u>2025-26</u>	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>
Residential:	121,095,166	113,496,562	109,379,332	101,015,222	96,222,090
Agricultural Land:	138,204,401	136,605,293	132,909,486	135,581,161	131,791,241
Ag Buildings:	4,691,012	4,789,755	4,335,671	3,586,696	3,399,531
Commercial:	26,405,932	26,522,958	25,506,403	20,268,584	16,048,190
Industrial:	35,699,440	35,768,790	35,742,723	35,941,587	36,787,770
Multiresidential:	0	0	0	0	760,078
Personal RE:	0	0	0	0	0
Railroads:	24,696,512	25,252,009	24,659,129	23,855,047	22,300,380
Utilities:	1,965,611	400,032	350,198	340,927	1,081,091
Other:	0	0	0	0	0
Total Valuation:	352,758,074	342,835,399	332,882,942	320,589,224	308,390,371
Less Military:	560,000	56,000	60,000	305,580	327,804
Less Homestead:	2,171,000	2,080,000	1,007,500		
Net Valuation:	350,027,074	340,699,399	331,815,442	320,283,644	308,062,567
TIF Valuation:		0	0	0	0
Utility Replacement:	4,189,112	4,372,083	4,527,636	4,629,016	4,718,622
	Actual	% Change in	Taxable	% Change in	
Valuation	Valuation	Actual	Valuation	Taxable	
<u>Year</u>	<u>w/ Utilities</u>	<u>Valuation</u>	<u>w/ Utilities</u>	<u>Valuation</u>	
2025	656,067,724	14.06%	354,216,186	2.65%	
2024	575,181,919	0.67%	345,071,482	2.60%	
2023	571,377,623	20.87%	336,343,078	3.52%	
2022	472,717,908	3.30%	324,912,660	3.88%	
2021	457,597,948	1.69%	312,781,189	1.67%	

(1) Source: Iowa Department of Management

Tax Rates (1)

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

<u>Fiscal Year</u>	<u>Operating</u>	<u>Management</u>	<u>Board PPEL</u>	<u>V PPEL</u>	<u>Playground</u>	<u>Debt</u>	<u>Schoolhouse</u>	<u>Total Levy</u>
2026	7.54828	1.15918	0.33000	0.67000	0.13500	0.00000	0.00000	9.84246
2025	7.21291	2.52718	0.33000	0.67000	0.13500	0.00000	0.00000	10.87509
2024	8.48421	2.61609	0.33000	0.67000	0.13500	0.00000	0.00000	12.23530
2023	8.02500	2.71755	0.33000	0.67000	0.13500	1.83707	0.00000	13.71462
2022	8.65010	2.78659	0.33000	0.67000	0.13500	1.75942	0.00000	14.33111
2021	9.44759	1.29069	0.33000	0.67000	0.13500	2.34000	0.00000	14.21328

Historic Tax Rates (1)

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

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2026	9.77756	9.84246	1.69613	0.00000	0.59114	0.15214	0.00000	6.32794	0.00000	28.38737
2025	9.44284	10.87509	1.73971	0.00180	0.48149	0.14399	0.00000	6.24012	0.00000	28.92504
2024	9.44280	12.23530	1.74331	0.00180	0.53796	0.14672	0.00000	6.53991	0.00000	30.64780
2023	9.18593	13.71462	1.74287	0.00240	0.49548	0.14617	0.00000	6.23143	0.00000	31.51890
2022	9.61964	14.33111	1.65540	0.00260	0.26619	0.14816	0.00000	6.20707	0.00000	32.23017

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

<u>Fiscal Year</u>	<u>City</u>	<u>School</u>	<u>College</u>	<u>State</u>	<u>Assessor</u>	<u>Ag Extens</u>	<u>Hospital</u>	<u>County</u>	<u>Transit</u>	<u>Total Levy</u>
2026	7.77023	9.84246	1.69613	0.00000	0.59114	0.15214	0.00000	6.32794	0.00000	26.38004
2025	9.40964	10.87509	1.73971	0.00180	0.48149	0.14399	0.00000	6.24012	0.00000	28.89184
2024	9.94661	12.23530	1.74331	0.00180	0.53796	0.14672	0.00000	6.53991	0.00000	31.15161
2023	8.37000	13.71462	1.74287	0.00240	0.49548	0.14617	0.00000	6.23143	0.00000	30.70297
2022	8.10000	14.33111	1.65540	0.00260	0.26619	0.14816	0.00000	6.20707	0.00000	30.71053

Tax Collection History (2)

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

<u>Fiscal Year</u>	<u>Amount Levied</u>	<u>Amount Collected</u>	<u>Percentage Collected</u>
2026	\$3,396,354	In collection	NA
2025	3,657,760	\$3,647,018	99.71%
2024	3,975,404	3,975,716	100.01%
2023	4,289,675	4,290,951	100.03%
2022	4,409,086	4,429,873	100.47%
2021	4,251,568	4,363,200	102.63%

(1) Source: Iowa Department of Management

(2) Source: the Issuer

Largest Taxpayers (1) (2)

Set forth in the following table are the persons or entities which represent the 2024 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 Issuer. The Issuer's tax levy is uniformly applicable to all of the properties included in the table, and thus taxes expected to be received by the Issuer from such taxpayers will be in proportion to the assessed valuations of the properties. The total tax bill for each of the properties is dependent upon the tax levies of the other taxing entities which overlap the properties.

<u>Taxpayer</u>	<u>2024 Taxable Valuation</u>	<u>Percent of Total</u>
Mid American Energy Co.	\$34,796,419	10.08%
Union Pacific Railroad Co.	25,300,360	7.33%
Heartland Property Co-Op DBA	11,055,853	3.20%
Heart of Iowa Cooperative	4,919,728	1.43%
Runner, Beatrice D LE	1,728,170	0.50%
OMG Midwest Inc.	1,813,386	0.53%
Runner, David A	1,512,325	0.44%
Vance Avenue Holdings LLC	1,542,223	0.45%
Stonewall Farms Inc.	1,399,662	0.41%
Newby, Lois 1/2 & Newby Norman K 1/2	1,315,194	0.38%
Total		24.74%

(1) Source: Marshall, Poweshiek, Jasper and Tama Counties

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

Direct Debt

General Obligation School Bonds (Debt Service) (1)

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

<u>Fiscal Year</u>	<u>6/4/26</u>	<u>Total Interest</u>	<u>Total P&I</u>
2026			
2027	\$860,000	\$572,688	\$1,432,688
2028	520,000	544,390	1,064,390
2029	540,000	524,370	1,064,370
2030	560,000	503,580	1,063,580
2031	580,000	482,020	1,062,020
2032	605,000	459,690	1,064,690
2033	625,000	436,398	1,061,398
2034	650,000	412,335	1,062,335
2035	675,000	387,310	1,062,310
2036	700,000	361,323	1,061,323
2037	730,000	334,373	1,064,373
2038	755,000	306,268	1,061,268
2039	785,000	277,200	1,062,200
2040	815,000	246,978	1,061,978
2041	845,000	215,600	1,060,600
2042	880,000	183,068	1,063,068
2043	915,000	149,188	1,064,188
2044	950,000	113,960	1,063,960
2045	985,000	77,385	1,062,385
2046	1,025,000	39,463	1,064,463
Totals:	\$15,000,000	\$6,627,583	\$21,627,583

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

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

General Fund Energy Management Capital Loan Notes (1)

The Issuer issued General Fund Energy Management Capital Loan Notes in 2012 for the purpose of facility improvements to produce energy cost savings to the General Fund. The Notes are an obligation of the General Fund. The funds used for repayment are expected to be available from General Fund dollars as a result of savings captured within that fund. The Issuer makes approximately \$1,664 per month in payments through 9/1/2027.

Anticipatory Warrants (1)

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

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

Presented below is the principal and interest on the Issuer's outstanding SAVE bonds, presented by fiscal year and issue. The Issuer intends to adopt a resolution on March 18, 2026 to call and redeem all of its outstanding SAVE Bonds as of July 1, 2026.

<u>Fiscal Year</u>	<u>3/1/16</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total P&I</u>
2026	240,000	240,000	23,661	263,661
2027	245,000	245,000	17,925	262,925
2028	250,000	250,000	12,070	262,070
2029	255,000	255,000	6,095	261,095
Totals:	990,000	990,000	59,750	1,049,750

(1) Source: the Issuer

Debt Limit (1) (2) (3) (4)

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

1/1/2024 Actual Valuation:	\$575,181,919
X	0.05
Statutory Debt Limit:	28,759,096
Total General Obligation Debt:	15,000,000
Total General Fund Obligations	24,753
Total Lease Purchases:	
Total Loan Agreements:	
Capital Leases:	
Total Debt Subject to Limit:	15,024,753
Percentage of Debt Limit Obligated:	52.24%

It has not been determined whether the Issuer's Sales Tax Revenue Bonds do or do not count against the constitutional debt limit. If the Bonds do count against the constitutional debt limit, the amount of debt subject to the debt limit would increase \$990,000* to be \$16,014,753*, or 55.69% * of the statutory debt limit.

- (1) Direct debt source: the Issuer
- (2) Valuation data source: Iowa Department of Management
- (3) Preliminary, subject to change
- (4) Utility Property Tax Replacement

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

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

Overlapping & Underlying Debt (1) (3)

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

<u>Taxing Authority</u>	<u>Outstanding Debt</u>	<u>2024 Taxable Valuation</u>	<u>Taxable Value Within Issuer</u>	<u>Percentage Applicable</u>	<u>Amount Applicable</u>
City Of Legrand	\$0	24,926,295	\$24,926,295	100.00%	\$0
City Of Gilman	0	11,925,013	11,925,013	100.00%	0
City Of Laurel	0	4,824,811	4,824,811	100.00%	0
City Of Marshalltown	46,170,000	1,084,300,544	3,271,880	0.30%	139,318
City Of Ferguson	\$0	1,103,402	1,103,402	100.00%	0
Marshall County	2,350,000	2,286,634,900	274,891,745	12.02%	282,509
Tama County	6,490,000	1,241,090,922	36,232,928	2.92%	189,472
Jasper County	10,735,000	2,346,825,542	30,931,795	1.32%	141,490
Poweshiek County	4,964,244	1,763,640,072	3,015,014	0.17%	8,487
Iowa Valley Cc	18,330,000	6,691,284,360	345,071,482	0	945,283
Central Rivers Aea	3,765,766	29,657,903,529	345,071,482		

Total Overlapping & Underlying Debt: \$1,706,559

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

Actual Value of Property, 2024:	\$575,181,919
Taxable Value of Property, 2024:	345,071,482
Direct General Obligation Debt:	\$15,044,280
Overlapping Debt:	1,706,559
Direct & Overlapping General Obligation Debt:	\$16,750,839
Population, 2020 US Census:	3,736
Direct Debt per Capita:	\$4,026.84
Total Debt per Capita:	\$4,483.63
Direct Debt to Taxable Valuation:	4.36%
Total Debt to Taxable Valuation:	4.85%
Direct Debt to Actual Valuation:	2.62%
Total Debt to Actual Valuation:	2.91%
Actual Valuation per Capita:	\$153,957
Taxable Valuation per Capita:	\$92,364

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

APPENDIX B – FORM OF LEGAL OPINION

DRAFT

We hereby certify that we have examined a certified transcript of the proceedings of the Board of Directors of the East Marshall Community School District in the Counties of Jasper, Marshall, Poweshiek, and Tama, State of Iowa, and acts of administrative officers of the School District (the "Issuer"), relating to the issuance of General Obligation School Bonds, Series 2026, by said Issuer, dated June 4, 2026, in the denominations of \$5,000 or multiples thereof, in the aggregate amount of \$ _____ (the "Bonds").

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

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

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

1. The Issuer is duly created and validly existing as a body corporate and politic and political subdivision of the State of Iowa with the corporate power to adopt and perform the Resolution and issue the Bonds.
2. The Bonds are valid and binding general obligations of the Issuer.
3. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. Taxes have been levied by the Resolution for the payment of the Bonds and the Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code 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 includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

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

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

AHLERS & COONEY, P.C.

APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE

DRAFT

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the East Marshall Community School District, State of Iowa (the "Issuer"), in connection with the issuance of \$_____ General Obligation School Bonds, Series 2026 (the "Bonds") dated June 4, 2026. The Bonds are being issued pursuant to a Resolution of the Issuer approved on _____, 2026 (the "Resolution"). The Issuer covenants and agrees as follows:

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

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

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

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

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Iowa are authorized or required by law to close. "Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

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

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

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

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

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

"Official Statement" shall mean the Issuer's Official Statement for the Bonds, dated _____, 2026.

"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 2025/2026 fiscal year, provide to the National Repository an Annual Financial Information filing consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Financial Information filing must be submitted in such format as is required by the MSRB (currently in "searchable PDF" format). The Annual Financial Information filing may be submitted as a single document or as separate documents comprising a package. The Annual Financial Information filing may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual

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

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

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

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

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

Section 5. Reporting of Significant Events.

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

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

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

Section 6. Additional Filing. The Issuer's audited financial statements for fiscal year ending June 30, 2025, 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 _____, 2026.

EAST MARSHALL 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: East Marshall Community School District, Iowa.

Name of Bond Issue: \$_____ General Obligation School Bonds, Series 2026

Dated Date of Issue: June 4, 2026

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____.

EAST MARSHALL COMMUNITY SCHOOL
DISTRICT, STATE OF IOWA

By: _____
Its: _____

APPENDIX D – AUDITED FINANCIAL STATEMENTS OF THE ISSUER

This Appendix contains the entire 2025 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.

The remainder of this page was left blank intentionally.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2025

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	4-6
Management's Discussion and Analysis	7-15
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 18
Statement of Activities	B 19
Governmental Fund Financial Statements:	
Balance Sheet	C 20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D 21
Statement of Revenues, Expenditures and Changes in Fund Balances	E 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 23
Proprietary Fund Financial Statements:	
Statement of Net Position	G 24
Statement of Revenues, Expenses and Changes in Fund Net Position	H 25
Statement of Cash Flows	I 26
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	J 27
Statement of Changes in Fiduciary Net Position	K 28
Notes to Financial Statements	29-44
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	46
Notes to Required Supplementary Information - Budgetary Reporting	47
Schedule of the District's Proportionate Share of the Net Pension Liability	48
Schedule of District Contributions	49
Notes to Required Supplementary Information - Pension Liability	50
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	51
Notes to Required Supplementary Information - OPEB Liability	52
Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 55
Capital Projects Fund Accounts:	
Combining Balance Sheet	3 56
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4 57
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5 58
Schedule of Changes in Private Purpose Trust Fund, Scholarship Accounts	6 59
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	7 60
Schedule of Expenditures of Federal Awards	8 61
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 <u>Government Auditing Standards</u>	62-63
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	64-66
Schedule of Findings and Questioned Costs	67-71

East Marshall Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Lisa Meling	President	2027
Megan Ruopp	Vice President	2025
Elizabeth Crandon	Board Member	2025
Ann Dee Bloom	Board Member	2027
Andrea Terrones	Board Member	2027
School Officials		
Anthony Ryan	Superintendent	2025
Allison Frost	Board Secretary/Treasurer and School Business Official	2025
Ahlers & Cooney, P.C.	Attorney	2025

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 East Marshall Community School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of East Marshall Community School District, Gilman, Iowa, as of and for the year ended June 30, 2025, 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 accompanying 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 East Marshall Community School District as of June 30, 2025 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Financial Statements section of our report. We are required to be independent of East Marshall 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 East Marshall 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 GAAS 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 GAAS 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 East Marshall 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 East Marshall 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 46 through 52 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 GAAS, 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 East Marshall 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, 2024 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, 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 GAAS. In our opinion, the supplementary information in Schedules 1 through 8, 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 Information

Management is responsible for the other information in the independent auditor's report. The other information comprises the officials page but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2026 on our consideration of East Marshall 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 East Marshall Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2026
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

East Marshall 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, 2025. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2025 FINANCIAL HIGHLIGHTS

- Effective July 1, 2024, the District implemented GASB Statement No. 101, Compensated Absences. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Implementation of this standard did not have a significant effect on the District's financial statements.
- General Fund revenues increased from \$8,546,309 in fiscal year 2024 to \$9,971,740 in fiscal year 2025, while General Fund expenditures increased from \$9,592,940 in fiscal year 2024 to \$11,173,170 in fiscal year 2025. Overall, the District's General Fund balance decreased from \$3,725,190 at June 30, 2024 to \$2,523,760 at June 30, 2025, a 32.25% decrease from the prior year.
- The increase in General Fund revenues was attributable to an increase in tuition revenues received compared to the prior year. The increase in expenditures was due primarily to an increase in instruction expenditures.
- The District's total net position decreased from \$15,932,238 June 30, 2024 to \$15,865,074 at June 30, 2025. Total revenues increased from \$11,331,998 in fiscal year 2024 to \$12,610,791 in fiscal year 2025, a 11.28% increase due mainly to an increase in revenues from charges for service, while total expenses increased from \$10,881,203 in fiscal year 2024 to \$12,677,955 in fiscal year 2025, a 16.51% increase due primarily to an increase in instruction expenditures compared to the prior year.

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 East Marshall 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 East Marshall Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which East Marshall 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.

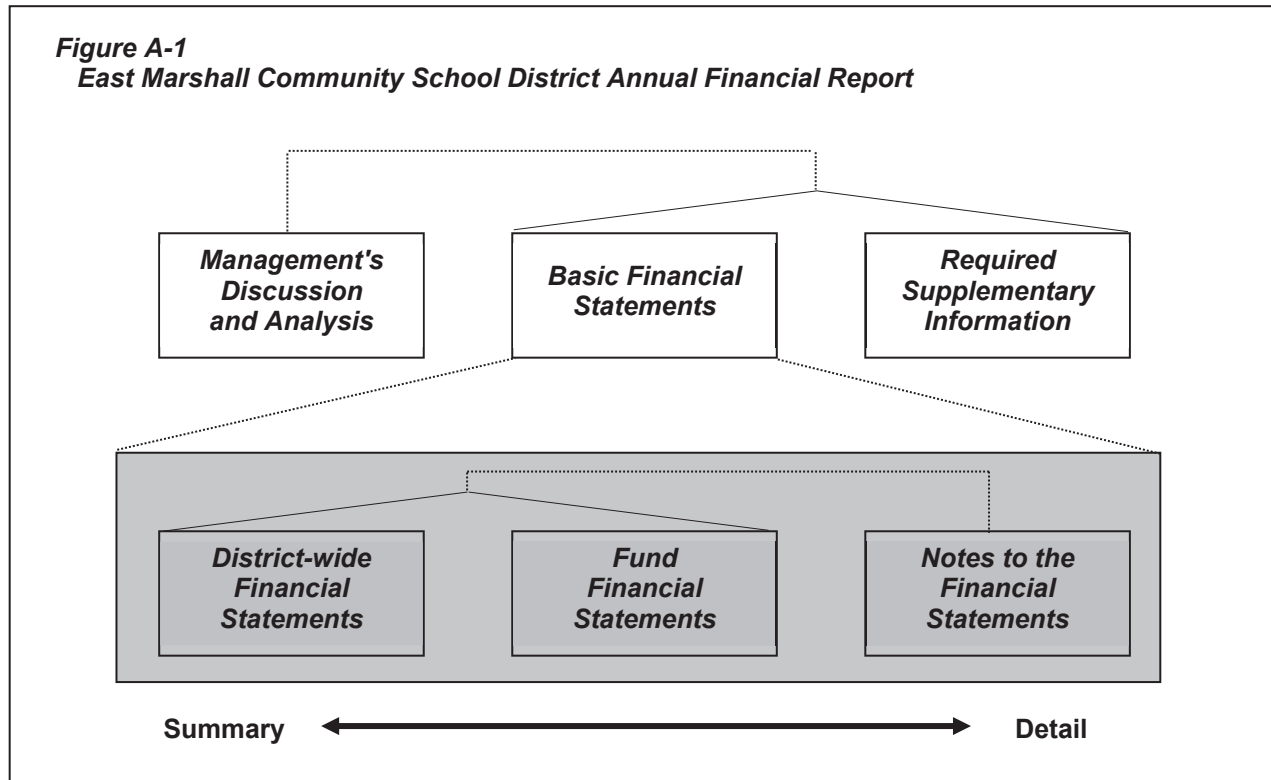


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The 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 is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- 1) *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance 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 currently has one Enterprise Fund, the School Nutrition Fund. The District's Internal Service Fund, another type of proprietary fund, is the same as the governmental activities, but provides more detail and additional information, such as cash flows. The District currently has one Internal Service Fund accounting for the District's partially self-funded insurance.

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2025 compared to June 30, 2024.

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,
	2025	2024	2025	2024	2025	2024	2024-25
Current and other assets	\$ 13,919,494	14,716,073	758,800	732,943	14,678,294	15,449,016	-4.99%
Capital assets	10,263,682	10,687,688	42,885	36,469	10,306,567	10,724,157	-3.89%
Total assets	24,183,176	25,403,761	801,685	769,412	24,984,861	26,173,173	-4.54%
Deferred outflows of resources	865,163	1,094,093	28,343	36,711	893,506	1,130,804	-20.98%
Long-term liabilities	4,315,663	5,141,529	93,514	114,828	4,409,177	5,256,357	-16.12%
Other liabilities	1,376,172	1,564,775	45,599	31,624	1,421,771	1,596,399	-10.94%
Total liabilities	5,691,835	6,706,304	139,113	146,452	5,830,948	6,852,756	-14.91%
Deferred inflows of resources	4,161,054	4,489,807	21,291	29,176	4,182,345	4,518,983	-7.45%
Net position:							
Net investment in capital assets	8,796,634	8,926,170	42,885	36,469	8,839,519	8,962,639	-1.37%
Restricted	6,709,947	6,094,077	-	-	6,709,947	6,094,077	10.11%
Unrestricted	(311,131)	281,496	626,739	594,026	315,608	875,522	-63.95%
Total net position	\$ 15,195,450	15,301,743	669,624	630,495	15,865,074	15,932,238	-0.42%

The District's total net position decreased 0.42%, or \$67,164, 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 increased \$615,870, or 10.11%, from the prior year. The increase in restricted net position is due primarily to the increase in the amount restricted for management levy purposes compared to the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased \$559,914, or 63.95%. The decrease in unrestricted net position was mainly due to the decrease in the District's General Fund unassigned balance.

Figure A-4 shows the changes in net position for the year ended June 30, 2025 compared to the year ended June 30, 2024.

Figure A-4 Changes in Net Position							
	Governmental Activities		Business Type Activities		Total District		Total Change
	2025	2024	2025	2024	2025	2024	2024-25
Revenues:							
Program revenues:							
Charges for service	\$ 2,761,255	1,702,964	184,822	207,709	2,946,077	1,910,673	54.19%
Operating grants, contributions and restricted interest	1,002,719	1,057,686	255,326	279,111	1,258,045	1,336,797	-5.89%
Capital grants, contributions and restricted interest	-	83,939	-	-	-	83,939	-100.00%
General revenues:							
Property tax	3,649,098	3,977,846	-	-	3,649,098	3,977,846	-8.26%
Income surtax	286,362	411,173	-	-	286,362	411,173	-30.35%
Statewide sales, services and use tax	676,557	691,878	-	-	676,557	691,878	-2.21%
Unrestricted state grants	3,418,643	2,478,777	-	-	3,418,643	2,478,777	37.92%
Unrestricted investment earnings	256,083	357,388	30,394	32,110	286,477	389,498	-26.45%
Other	88,433	50,581	1,099	836	89,532	51,417	74.13%
Total revenues	12,139,150	10,812,232	471,641	519,766	12,610,791	11,331,998	11.28%
Program expenses:							
Instruction	7,017,773	5,818,837	-	-	7,017,773	5,818,837	20.60%
Support services	4,522,568	3,872,630	285	-	4,522,853	3,872,630	16.79%
Non-instructional programs	2,005	2,485	432,227	457,551	434,232	460,036	-5.61%
Other expenses	703,097	729,700	-	-	703,097	729,700	-3.65%
Total expenses	12,245,443	10,423,652	432,512	457,551	12,677,955	10,881,203	16.51%
Change in net position	(106,293)	388,580	39,129	62,215	(67,164)	450,795	-114.90%
Net position beginning of year	15,301,743	14,913,163	630,495	568,280	15,932,238	15,481,443	2.91%
Net position end of year	\$ 15,195,450	15,301,743	669,624	630,495	15,865,074	15,932,238	-0.42%

In fiscal year 2025, property tax and unrestricted state grants accounted for 58.22% of the revenue from governmental activities while charges for service and operating grants and contributions accounted for 93.32% of the revenue from business type activities.

The District's total revenues were approximately \$12.61 million, of which approximately \$12.14 million was for governmental activities and approximately \$0.47 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced an 11.28% increase in revenues and a 16.51% increase in expenses. The increase in revenues is primarily due to the increase in charges for service revenues received. The increase in expenses occurred primarily in the instruction function.

Governmental Activities

Revenues for governmental activities were \$12,139,150 and expenses were \$12,245,443 for the year ended June 30, 2025.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services non-instructional programs and other expenses for the year ended June 30, 2025 compared to those expenses for the year ended June 30, 2024.

Figure A-5						
Total and Net Cost of Governmental Activities						
	Total Cost of Services			Net Cost of Services		
	2025	2024	Change 2024-25	2025	2024	Change 2024-25
Instruction	\$ 7,017,773	5,818,837	20.60%	3,955,281	3,735,825	5.87%
Support services	4,522,568	3,872,630	16.78%	4,055,757	3,377,921	20.07%
Non-instructional programs	2,005	2,485	-19.32%	2,005	2,485	-19.32%
Other expenses	703,097	729,700	-3.65%	468,426	462,832	1.21%
Total	<u>\$ 12,245,443</u>	<u>10,423,652</u>	<u>17.48%</u>	<u>8,481,469</u>	<u>7,579,063</u>	<u>11.91%</u>

For the year ended June 30, 2025:

- The cost financed by users of the District's programs was \$2,761,255.
- Federal and state governments, along with contributions from local sources, subsidized certain programs with grants and contributions totaling \$1,002,719.
- The net cost of governmental activities was financed with \$3,649,098 in property tax, \$286,362 in income surtax, \$676,557 in statewide sales, services and use tax, \$3,418,643 in unrestricted state grants, \$256,083 in interest income and \$88,433 in other general revenues.

Business Type Activities

Revenues of the District's business type activities for the year ended June 30, 2025 were \$471,641, representing a 9.26% decrease from the prior year while expenses totaled \$432,512, a 5.47% decrease from the prior year. 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 income and other general revenues.

INDIVIDUAL FUND ANALYSIS

As previously noted, East Marshall 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 \$8,605,833, below last year's ending combined fund balances of a \$9,096,286. The main reason for the decrease in combined fund balances at the end of fiscal year 2025 was the decrease in the General Fund balance.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Total expenditures outpaced total revenues resulting in a decrease in fund balance from \$3,725,190 at June 30, 2024 to \$2,523,760 at June 30, 2025.
- The Management Levy Fund balance increased from \$2,395,963 at June 30, 2024 to \$2,927,701 at June 30, 2025.
- The Capital Projects Fund balance increased from \$2,421,141 at June 30, 2024 to \$2,615,585 at June 30, 2025.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$630,495 at June 30, 2024 to \$669,624 at June 30, 2025, representing an increase of 6.21%. Revenues decreased from the prior year, while expenditures also decreased slightly, however, revenues outpaced expenditures leading to the increase in fund net position.

BUDGETARY HIGHLIGHTS

The District's revenues were \$428,136 less than budgeted revenues, a variance of 3.28%. The most significant variance resulted from the District receiving less from local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, expenditures in the instruction and support services functional areas exceeded the amounts budgeted, as well as in total.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had invested \$10,306,567 net of accumulated depreciation/amortization, 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 decrease of 3.89% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation/amortization expense for the year was \$647,386 for governmental activities and \$6,394 for business type activities.

The original cost of the District's capital assets was \$21,834,736. Governmental activities accounted for \$21,515,284 with the remainder of \$319,452 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings net of accumulated depreciation totaled \$9,090,647 at June 30, 2025 compared to \$9,310,645 reported at June 30, 2024. This decrease is a result of annual depreciation expense applied during the year.

Figure A-6							
Capital Assets, Net of Depreciation/Amortization							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2025	2024	2025	2024	2025	2024	2024-25
Land	\$ 120,725	120,725	-	-	120,725	120,725	0.00%
Buildings	9,090,647	9,310,645	-	-	9,090,647	9,310,645	-2.36%
Land improvements	425,343	480,434	-	-	425,343	480,434	-11.47%
Machinery and equipment	434,712	529,977	42,885	36,469	477,597	566,446	-15.69%
Right-to-use leased assets	192,255	245,907	-	-	192,255	245,907	-21.82%
Total	<u>\$ 10,263,682</u>	<u>10,687,688</u>	<u>42,885</u>	<u>36,469</u>	<u>10,306,567</u>	<u>10,724,157</u>	<u>-3.89%</u>

Long-Term Debt

At June 30, 2025, the District had \$1,467,048 in long-term debt outstanding. This represents a decrease of 16.72% from the prior year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7			
Outstanding Long-Term Obligations			
	Total District		Total Change
	June 30,		June 30,
	2025	2024	2024-25
Revenue bonds	\$ 1,225,000	1,450,000	-15.52%
Energy loan	44,280	63,565	-30.34%
Lease agreements	197,768	247,953	-20.24%
Total	<u>\$ 1,467,048</u>	<u>1,761,518</u>	<u>-16.72%</u>

- The District had revenue bonds payable of \$1,225,000 at June 30, 2025 payable from the Capital Projects: Statewide Sales, Services and Use Tax Fund.
- The District had energy loan notes payable from the General Fund of \$44,280 at June 30, 2025.
- The District had lease agreements indebtedness of \$197,768 at June 30, 2025 payable from the Capital Projects: Physical, Plant and Equipment Levy Fund.

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:

- Low supplemental state aid increases over the past several years, steady declining enrollment, and increasing expenditures have all had a negative impact on the District's spending authority balance.
- The District's total served enrollment trend over the past five years is downward by an average of 25 students per year.
- Roughly one third of the District's students served are open enrolled into the District. In the past the decrease in resident enrollment has been offset by a steady increase in open enrollment into the District. However, open enrollment count into the District the last few years has begun to level out.

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 Anthony Ryan, Superintendent, East Marshall Community School District, 204 West Center St, Gilman, Iowa 50106.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 8,997,402	754,640	9,752,042
Receivables:			
Property tax:			
Delinquent	33,829	-	33,829
Succeeding year	3,396,354	-	3,396,354
Income surtax	317,802	-	317,802
Accounts	14,234	-	14,234
Due from other governments	1,159,873	-	1,159,873
Inventories	-	4,160	4,160
Capital assets not being depreciated/amortized	120,725	-	120,725
Capital assets, net of accumulated depreciation/amortization	10,142,957	42,885	10,185,842
Total assets	24,183,176	801,685	24,984,861
Deferred Outflows of Resources			
Pension related deferred outflows	736,644	23,723	760,367
OPEB related deferred outflows	128,519	4,620	133,139
Total deferred outflows of resources	865,163	28,343	893,506
Liabilities			
Accounts payable	254,648	12,860	267,508
Salaries and benefits payable	1,099,744	17,386	1,117,130
Deposits payable	7,106	-	7,106
Accrued interest payable	14,674	-	14,674
Unearned revenue	-	15,353	15,353
Long-term liabilities:			
Portion due within one year:			
Revenue bonds	235,000	-	235,000
Engery loan	19,527	-	19,527
Lease agreements	52,292	-	52,292
Compensated absences	53,152	757	53,909
Portion due after one year:			
Revenue bonds	990,000	-	990,000
Engery loan	24,753	-	24,753
Lease agreements	145,476	-	145,476
Net pension liability	2,066,049	66,537	2,132,586
Total OPEB liability	729,414	26,220	755,634
Total liabilities	5,691,835	139,113	5,830,948
Deferred Inflows of Resources			
Succeeding year property tax revenue	3,396,354	-	3,396,354
Pension related deferred inflows	215,258	6,932	222,190
OPEB related deferred inflows	399,442	14,359	413,801
Other	150,000	-	150,000
Total deferred inflows of resources	4,161,054	21,291	4,182,345
Net Position			
Net investment in capital assets	8,796,634	42,885	8,839,519
Restricted for:			
Categorical funding	642,548	-	642,548
Debt service	138,711	-	138,711
Management levy purposes	2,927,701	-	2,927,701
Student activities	193,963	-	193,963
Public education and recreation levy	191,439	-	191,439
School infrastructure	2,092,530	-	2,092,530
Physical plant and equipment	523,055	-	523,055
Unrestricted	(311,131)	626,739	315,608
Total net position	\$ 15,195,450	669,624	15,865,074

SEE NOTES TO FINANCIAL STATEMENTS.

**EAST MARSHALL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	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
Functions/Programs:							
Governmental activities:							
Instruction:							
Regular	\$ 4,831,300	2,107,872	95,204	-	(2,628,224)	-	(2,628,224)
Special	1,015,468	380,650	38,811	-	(596,007)	-	(596,007)
Other	1,171,005	245,628	194,327	-	(731,050)	-	(731,050)
	<u>7,017,773</u>	<u>2,734,150</u>	<u>328,342</u>	<u>-</u>	<u>(3,955,281)</u>	<u>-</u>	<u>(3,955,281)</u>
Support services:							
Student	487,117	-	14,048	-	(473,069)	-	(473,069)
Instructional staff	575,739	-	5,210	-	(570,529)	-	(570,529)
Administration	1,470,805	-	8,881	-	(1,461,924)	-	(1,461,924)
Operation and maintenance of plant	1,300,672	-	126,575	-	(1,174,097)	-	(1,174,097)
Transportation	688,235	27,105	284,992	-	(376,138)	-	(376,138)
	<u>4,522,568</u>	<u>27,105</u>	<u>439,706</u>	<u>-</u>	<u>(4,055,757)</u>	<u>-</u>	<u>(4,055,757)</u>
Non-instructional programs:							
Community service operations	2,005	-	-	-	(2,005)	-	(2,005)
Long-term debt interest	39,221	-	-	-	(39,221)	-	(39,221)
Other expenditures:							
AEA flowthrough	234,671	-	234,671	-	-	-	-
Depreciation/amortization (unallocated)*	429,205	-	-	-	(429,205)	-	(429,205)
	<u>663,876</u>	<u>-</u>	<u>234,671</u>	<u>-</u>	<u>(429,205)</u>	<u>-</u>	<u>(429,205)</u>
Total governmental activities	<u>12,245,443</u>	<u>2,761,255</u>	<u>1,002,719</u>	<u>-</u>	<u>(8,481,469)</u>	<u>-</u>	<u>(8,481,469)</u>
Business type activities:							
Support services:							
Administration	285	-	-	-	-	(285)	(285)
Non-instructional programs:							
Food service operations	432,227	184,822	255,326	-	-	7,921	7,921
Total business type activities	<u>432,512</u>	<u>184,822</u>	<u>255,326</u>	<u>-</u>	<u>-</u>	<u>7,636</u>	<u>7,636</u>
Total	<u>\$ 12,677,955</u>	<u>2,946,077</u>	<u>1,258,045</u>	<u>-</u>	<u>(8,481,469)</u>	<u>7,636</u>	<u>(8,473,833)</u>
General Revenues:							
Property tax levied for:							
General purposes					\$ 3,313,551	-	3,313,551
Capital outlay					335,547	-	335,547
Income surtax					286,362	-	286,362
Statewide sales, services and use tax					676,557	-	676,557
Unrestricted state grants					3,418,643	-	3,418,643
Unrestricted investment earnings					256,083	30,394	286,477
Other					88,433	1,099	89,532
Total general revenues					<u>8,375,176</u>	<u>31,493</u>	<u>8,406,669</u>
Change in net position					(106,293)	39,129	(67,164)
Net position beginning of year					15,301,743	630,495	15,932,238
Net position end of year					<u>\$ 15,195,450</u>	<u>669,624</u>	<u>15,865,074</u>

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

SEE NOTES TO FINANCIAL STATEMENTS.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Projects	Management Levy	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 2,905,835	2,549,248	2,919,840	534,472	8,909,395
Receivables:					
Property tax:					
Delinquent	22,437	3,111	7,861	420	33,829
Succeeding year	2,604,697	345,072	400,000	46,585	3,396,354
Income surtax	317,802	-	-	-	317,802
Accounts	5,601	-	-	8,633	14,234
Due from other governments	1,088,924	70,949	-	-	1,159,873
Total assets	\$ 6,945,296	2,968,380	3,327,701	590,110	13,831,487
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 242,515	7,723	-	4,410	254,648
Salaries and benefits payable	1,099,416	-	-	328	1,099,744
Deposits payable	7,106	-	-	-	7,106
Total liabilities	1,349,037	7,723	-	4,738	1,361,498
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	2,604,697	345,072	400,000	46,585	3,396,354
Income surtax	317,802	-	-	-	317,802
Other	150,000	-	-	-	150,000
Total deferred inflows of resources	3,072,499	345,072	400,000	46,585	3,864,156
Fund balances:					
Restricted for:					
Categorical funding	642,548	-	-	-	642,548
Debt service	-	-	-	153,385	153,385
Management levy purposes	-	-	2,927,701	-	2,927,701
Student activities	-	-	-	193,963	193,963
Public education and recreation levy	-	-	-	191,439	191,439
School infrastructure	-	2,092,530	-	-	2,092,530
Physical plant and equipment	-	523,055	-	-	523,055
Unassigned	1,881,212	-	-	-	1,881,212
Total fund balances	2,523,760	2,615,585	2,927,701	538,787	8,605,833
Total liabilities, deferred inflows of resources and fund balances	\$ 6,945,296	2,968,380	3,327,701	590,110	13,831,487

SEE NOTES TO FINANCIAL STATEMENTS.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances of governmental funds (page 20)	\$ 8,605,833
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	10,263,682
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.	317,802
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.	(14,674)
Blending of the Internal Service Fund to be reflected on an entity-wide basis.	88,007
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	\$ 865,163
Deferred inflows of resources	<u>(614,700)</u>
	250,463
Long-term liabilities, including bonds payable, lease agreements 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>(4,315,663)</u>
Net position of governmental activities (page 18)	<u><u>\$ 15,195,450</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General	Capital Projects	Management Levy	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 2,731,889	335,547	847,986	45,298	3,960,720
Tuition	2,442,663	-	-	-	2,442,663
Other	391,383	28,843	6,933	247,062	674,221
State sources	4,018,003	680,266	9,373	501	4,708,143
Federal sources	378,663	-	-	-	378,663
Total revenues	9,962,601	1,044,656	864,292	292,861	12,164,410
Expenditures:					
Current:					
Instruction:					
Regular	4,809,131	86,994	139,753	-	5,035,878
Special	1,056,835	-	-	-	1,056,835
Other	977,885	-	-	238,015	1,215,900
	6,843,851	86,994	139,753	238,015	7,308,613
Support services:					
Student	531,426	-	-	-	531,426
Instructional staff	573,790	43,140	-	242	617,172
Administration	1,338,261	196,075	28,324	2,092	1,564,752
Operation and maintenance of plant	1,074,852	63,500	129,290	65,711	1,333,353
Transportation	556,350	58,620	35,187	-	650,157
	4,074,679	361,335	192,801	68,045	4,696,860
Non-instructional programs:					
Community service operations	-	-	-	2,005	2,005
Capital outlay	-	86,012	-	-	86,012
Long-term debt:					
Principal	-	-	-	294,470	294,470
Interest and fiscal charges	-	-	-	41,926	41,926
	-	-	-	336,396	336,396
Other expenditures:					
AEA flowthrough	234,671	-	-	-	234,671
Total expenditures	11,153,201	534,341	332,554	644,461	12,664,557
Excess (Deficiency) of revenues over (under) expenditures	(1,190,600)	510,315	531,738	(351,600)	(500,147)
Other financing sources (uses):					
Insurance proceeds	9,139	555	-	-	9,694
Transfer in	-	-	-	336,395	336,395
Transfer out	(19,969)	(316,426)	-	-	(336,395)
Total other financing sources (uses)	(10,830)	(315,871)	-	336,395	9,694
Change in fund balances	(1,201,430)	194,444	531,738	(15,205)	(490,453)
Fund balances beginning of year	3,725,190	2,421,141	2,395,963	553,992	9,096,286
Fund balances end of year	\$ 2,523,760	2,615,585	2,927,701	538,787	8,605,833

SEE NOTES TO FINANCIAL STATEMENTS.

EAST MARSHALL 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, 2025

Change in fund balances - total governmental funds (page 22) \$ (490,453)

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/amortization expense in the Statement of Activities. Capital outlay expenditures and depreciation/amortization expense in the current year are as follows:

Capital outlay	\$ 223,380	
Depreciation/amortization expense	<u>(647,386)</u>	(424,006)

Income surtax receivable is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds.		(25,260)
--	--	----------

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in Statement of Net Position.		294,470
---	--	---------

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.		2,705
---	--	-------

Net change in the Internal Service Fund charged back against expenditures made for self-funded insurance on an entity-wide basis.		19,317
---	--	--------

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.		525,661
---	--	---------

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

Termination benefits	7,551	
Compensated absences	3,621	
Pension expense	(102,639)	
Total OPEB liability and related expenses	<u>82,740</u>	<u>(8,727)</u>

Change in net position of governmental activities (page 19)		<u>\$ (106,293)</u>
---	--	---------------------

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service
Assets		
Current assets:		
Cash and pooled investments	\$ 754,640	88,007
Inventories	4,160	-
Total current assets	758,800	88,007
Noncurrent assets:		
Capital assets, net of accumulated depreciation	42,885	-
Total assets	801,685	88,007
Deferred Outflows of Resources		
Pension related deferred outflows	23,723	-
OPEB related deferred outflows	4,620	-
Total deferred outflows of resources	28,343	-
Liabilities		
Current liabilities:		
Accounts payable	12,860	-
Salaries and benefits payable	17,386	-
Unearned revenue	15,353	-
Total current liabilities	45,599	-
Noncurrent liabilities:		
Compensated absences	757	-
Net pension liability	66,537	-
Total OPEB liability	26,220	-
Total noncurrent liabilities	93,514	-
Total liabilities	139,113	-
Deferred Inflows of Resources		
Pension related deferred inflows	6,932	-
OPEB related deferred inflows	14,359	-
Total deferred inflows of resources	21,291	-
Net Position		
Net investment in capital assets	42,885	-
Unrestricted	626,739	88,007
Total net position	\$ 669,624	88,007

SEE NOTES TO FINANCIAL STATEMENTS.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service
Operating revenues:		
Local sources:		
Charges for service	\$ 184,822	-
Miscellaneous	1,099	83,957
Total operating revenues	<u>185,921</u>	<u>83,957</u>
Operating expenses:		
Support services:		
Administration:		
Services	<u>285</u>	<u>64,648</u>
Non-instructional programs:		
Food service operations:		
Salaries	181,519	-
Benefits	25,813	-
Services	5,584	-
Supplies	212,917	-
Depreciation	6,394	-
Total non-instructional programs	<u>432,227</u>	<u>-</u>
Total operating expenses	<u>432,512</u>	<u>64,648</u>
Operating income (loss)	<u>(246,591)</u>	<u>19,309</u>
Non-operating revenues:		
State sources	2,714	-
Federal sources	252,612	-
Interest income	30,394	8
Total non-operating revenues	<u>285,720</u>	<u>8</u>
Change in net position	39,129	19,317
Net position beginning of year	<u>630,495</u>	<u>68,690</u>
Net position end of year	<u>\$ 669,624</u>	<u>88,007</u>

SEE NOTES TO FINANCIAL STATEMENTS.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 187,249	-
Cash received from miscellaneous	1,099	83,957
Cash payments to employees for services	(229,400)	-
Cash payments to suppliers for goods or services	(165,157)	(64,648)
Net cash provided by (used in) operating activities	(206,209)	19,309
Cash flows from non-capital financing activities:		
State grants received	2,714	-
Federal grants received	210,624	-
Net cash provided by non-capital financing activities	213,338	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(12,810)	-
Cash flows from investing activities:		
Interest on investments	30,394	8
Net increase in cash and pooled investments	24,713	19,317
Cash and pooled investments beginning of year	729,927	68,690
Cash and pooled investments end of year	\$ 754,640	88,007
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (246,591)	19,309
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Commodities consumed	41,988	-
Depreciation	6,394	-
Change in assets and liabilities:		
Inventories	(1,144)	-
Accounts payable	12,785	-
Salaries and benefits payable	(1,237)	-
Net pension liability	(20,576)	-
Deferred outflows of resources	8,368	-
Deferred inflows of resources	(7,885)	-
Unearned revenue	2,427	-
Compensated absences	757	-
Total OPEB liability	(1,495)	-
Net cash provided by (used in) operating activities	\$ (206,209)	19,309

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2025, the District received \$41,988 of federal commodities.

SEE NOTES TO FINANCIAL STATEMENTS.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

	Private Purpose Trust Scholarship
Assets	
Cash and pooled investments	\$ 36,000
Liabilities	-
Net Position	
Restricted for scholarships	\$ 36,000

SEE NOTES TO FINANCIAL STATEMENTS.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2025

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Interest income	\$ 97
Deductions	-
Change in net position	97
Net position beginning of year	35,903
Net position end of year	\$ 36,000

SEE NOTES TO FINANCIAL STATEMENTS.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1. Summary of Significant Accounting Policies

East Marshall Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the cities of Le Grand, Gilman, Laurel and Ferguson, Iowa, and the predominate agricultural territory in Marshall, Tama, Poweshiek and Jasper County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, East Marshall 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. East Marshall Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Marshall, Tama, Poweshiek and Jasper County Assessors' Conference Boards.

B. Basis of Presentation

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The Management Levy Fund is used to account for costs of unemployment benefits, costs of liability insurance and agreements, costs of judgements, and costs of certain early-retirement benefits.

The District's major proprietary fund is the School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

Additional proprietary funds are reported by the District are as follows:

The Internal Service Fund is used to account for the partially self-funded insurance plan of the District. The Internal Service Fund is charged back to the governmental funds and shown combined on the Statement of Net Position and the Statement of Activities.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they 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 become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2024.

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 are tangible and intangible assets, which include property, furniture and equipment are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) 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 repairs 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	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	50,000
Right-to-use leased assets	50,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Land improvements	20 years
Intangibles	2+ years
Right-to-use leased assets	2+ years
Machinery and equipment	5-12 years

Leases - East Marshall Community School District is the lessee for a noncancellable lease of equipment. The District has recognized a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes leases with an initial, individual value of \$1,000 or more.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how East Marshall Community School District determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

East Marshall Community School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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.

Deposits Payable - Deposits charged by the District for technology use. The deposits will be returned to students/families upon graduation unless damage is incurred by the technology item issued to the students. Then the money on the deposit will be used to pay a portion of the repair/replacement cost.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not been served. Lunch account balances will be reimbursed or served lunches. Revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Position in the Proprietary Funds.

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

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

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows and deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the Districts' 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 while the portion attributable to the business type activities will be paid primarily by the Enterprise, School Nutrition Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation, and paid time off hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in the governmental funds only for employees who have resigned or retired. The compensated absences liability has been computed based on rates in effect at June 30, 2025.

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 until the year for which it is levied and unrecognized items not yet charged to pension and OPEB expense.

Fund Equity - Board Policy number 701.04 describes the District's fund balance designations. 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 imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2025, expenditures exceeded the amounts budgeted in the instruction and support services functions, as well as in total.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2025 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, 2025, the District had investments in the Iowa Schools Joint Investment Trust (ISJIT) Direct Government Obligations Portfolio which are valued at an amortized cost of \$5,687,276. 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.

Note 3. Capital Assets

Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 120,725	-	-	120,725
Capital assets being depreciated/amortized:				
Buildings	15,876,277	154,116	-	16,030,393
Land improvements	1,289,297	-	-	1,289,297
Machinery and equipment	3,737,343	69,264	-	3,806,607
Right-to-use leased assets	268,262	-	-	268,262
Total capital assets being depreciated/amortized	21,171,179	223,380	-	21,394,559
Less accumulated depreciation/amortization for:				
Buildings	6,565,632	374,114	-	6,939,746
Land improvements	808,863	55,091	-	863,954
Machinery and equipment	3,207,366	164,529	-	3,371,895
Right-to-use leased assets	22,355	53,652	-	76,007
Total accumulated depreciation/amortization	10,604,216	647,386	-	11,251,602
Total capital assets being depreciated/amortized, net	10,566,963	(424,006)	-	10,142,957
Governmental activities capital assets/amortized, net	\$ 10,687,688	(424,006)	-	10,263,682
Business type activities:				
Machinery and equipment	\$ 306,642	12,810	-	319,452
Less accumulated depreciation	270,173	6,394	-	276,567
Business type activities capital assets, net	\$ 36,469	6,416	-	42,885
Depreciation/amortization expense was charged to the following functions:				
Governmental activities:				
Instruction:				
Regular				\$ 9,076
Other				24,196
Support services:				
Instructional staff				2,103
Administration				218
Operation and maintenance of plant				65,656
Transportation				116,932
				218,181
Unallocated depreciation/amortization				429,205
Total governmental activities depreciation/amortization expense				\$ 647,386
Business type activities:				
Food service operations				\$ 6,394

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2025 is as follows:

Transfer to	Transfer from	Amount
Debt Service	General	\$ 19,969
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	256,966
Debt Service	Capital Projects: Physical Plant and Equipment Levy	59,460
Total		<u>\$ 336,395</u>

The transfer from the General Fund to the Debt Service Fund was for principal and interest payments on the District's energy loan note indebtedness.

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

The transfer from the Capital Projects: Physical, Plant and Equipment Levy Fund to the Debt Service Fund was for principal and interest lease agreement indebtedness.

Note 5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2025 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 1,450,000	-	225,000	1,225,000	235,000
Energy loan	63,565	-	19,285	44,280	19,527
Lease agreements	247,953	-	50,185	197,768	52,292
Termination benefits	7,551	-	7,551	-	-
Compensated absences	56,773	-	3,621	53,152	53,152
Net pension liability	2,544,686	-	478,637	2,066,049	-
Total OPEB liability	771,001	-	41,587	729,414	-
Total	<u>\$ 5,141,529</u>	<u>-</u>	<u>825,866</u>	<u>4,315,663</u>	<u>359,971</u>
Business type activities:					
Compensated absences	\$ -	757	-	757	757
Net pension liability	87,113	-	20,576	66,537	-
Total OPEB liability	27,715	-	1,495	26,220	-
Total	<u>\$ 114,828</u>	<u>757</u>	<u>22,071</u>	<u>93,514</u>	<u>757</u>

Revenue Bond Payable

Details of the District's June 30, 2025 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bonds Issued Dated March 1, 2016			
	Interest Rate	Principal	Interest	Total
2026	2.39 %	\$ 235,000	26,469	261,469
2027	2.39	240,000	20,793	260,793
2028	2.39	245,000	14,997	259,997
2029	2.39	250,000	9,082	259,082
2030	2.39	255,000	3,047	258,047
Total		<u>\$ 1,225,000</u>	<u>74,388</u>	<u>1,299,388</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$2,885,000 of bonds issued March 1, 2016. The bonds were issued for the purpose of financing a portion of the costs of various construction projects. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not general obligation of the District. However, the debt is subject to the constitutional debt limit of the District. Annual principal and interest payments on the bonds are expected to require approximately 39% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$1,299,388. For the current year, principal of \$225,000 and interest of \$31,966 was paid on the bonds and total statewide sales, services and use tax revenues were \$676,557.

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

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

Energy Loan Notes Payable

Details of the District's June 30, 2025 energy loan notes indebtedness payable from the General Fund are as follows:

Year Ending June 30,	Energy Loan Dated September 1, 2012				
	Interest Rate	Principal	Interest	Total	
2026	1.00 %	\$ 19,527	354	19,881	
2027	1.00	19,773	157	19,930	
2028	1.00	4,980	9	4,989	
Total		<u>\$ 44,280</u>	<u>520</u>	<u>44,800</u>	

On September 1, 2012, the District issued \$273,000 in energy loan proceeds. The loan bears interest at 1.00% per annum. During the year ended June 30, 2025, principal and interest paid were \$19,285 and \$547, respectively.

Lease Agreements Payable

On February 20, 2025, the District entered into a lease agreement for copiers. An initial lease was recorded in the amount of \$268,262. The agreement requires monthly payments \$4,955 for 60 months with an implicit interest rate of 4.12% and a final payment due January 2029. During the year ended June 30, 2025, principal and interest paid were \$50,185 and \$9,275, respectively.

Year Ending June 30,	Copiers - February 20, 2024				
	Interest Rate	Principal	Interest	Total	
2026	4.12 %	\$ 52,292	7,168	59,460	
2027	4.12	54,488	4,972	59,460	
2028	4.12	56,775	2,685	59,460	
2029	4.12	34,213	471	34,684	
Total		<u>\$ 197,768</u>	<u>15,296</u>	<u>213,064</u>	

Note 6. Pension Plan

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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.

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 Regular 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 that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2025, 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, 2025 were \$542,590.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2025, the District reported a liability of \$2,132,586 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 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, 2024, the District's proportion was 0.058563%, which was an increase of 0.000256% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$100,954. At June 30, 2025, 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	\$ 169,692	1,325
Changes of assumptions	-	30
Net difference between projected and actual earnings on IPERS' investments	26,671	-
Changes in proportion and differences between District contributions and the District's proportionate share of contributions	21,414	220,835
District contributions subsequent to the measurement date	542,590	-
Total	<u>\$ 760,367</u>	<u>222,190</u>

\$542,590 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, 2026. 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
2026	\$ (377,112)
2027	463,757
2028	(14,257)
2029	(78,956)
2030	2,155
Total	<u>\$ (4,413)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2024 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, 2024 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	3.52%
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
Total	100.0%	

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	\$ 5,233,328	2,132,586	(464,302)

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

Payables to IPERS - At June 30, 2025, the District reported payables to IPERS of \$45,810 for legally required District contributions and \$30,524 for legally required employee contributions withheld from employee wages which not yet been remitted to IPERS.

Note 7. 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 East Marshall Community School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The District also offers a voluntary early retirement incentive plan to its qualified employees including District contributions toward single coverage health insurance premiums which results in a direct subsidy and OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>84</u>
Total	<u><u>93</u></u>

Total OPEB Liability - The District's total OPEB liability of \$755,634 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions - The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	3.00% per annum.
Rates of salary increase	3.25% per annum, including inflation.
Discount rate	3.65% compounded annually, including inflation.
Healthcare cost trend rate	5.00% for all future years.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.65% 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 valuation date.

Mortality rates based on RP annuitant distinct mortality table adjusted to 2006 MP 2021 generational projection of future mortality improvement. Turnover based on school turnover rates of IPERS actuarial valuation. Retirement based on twice school early retirement rates except no more than school unreduced retirement rates of IPERS actuarial valuation.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 798,716
Changes for the year:	
Service cost	38,251
Interest	28,544
Benefit payments	<u>(109,877)</u>
Net changes	<u>(43,082)</u>
Total OPEB liability end of year	<u><u>\$ 755,634</u></u>

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 (2.65%) or 1% higher (4.65%) than the current discount rate.

	<u>1% Decrease (2.65%)</u>	<u>Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB liability	\$ 798,198	755,634	715,292

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 (4.00%) or 1% higher (6.00%) than the current healthcare cost trend rates.

	1% Decrease (4.00%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 718,496	755,634	799,141

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2025, the District recognized OPEB expense of \$24,163. At June 30, 2025, the District reported deferred outflows/inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	263,108
Changes in assumptions	133,139	150,693
Total	<u>\$ 133,139</u>	<u>413,801</u>

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

Year Ended June 30,	Amount
2026	\$ (42,632)
2027	(42,632)
2028	(42,632)
2029	(42,632)
2030	(38,225)
Thereafter	(71,909)
Total	<u>\$ (280,662)</u>

Note 8. Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical, life, accidental death and dismemberment and long-term disability.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2025 were \$761,336.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$234,671 for the year ended June 30, 2025 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Tax Abatements

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

Tax Abatements of Other Entities

The City of LeGrand 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 by the following amounts for the year ended June 30, 2025 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
City of LeGrand	Chapter 404	\$ 11,238

Note 11. 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, 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, 2025:

Program	Amount
Limited English Proficient (LEP)	\$ 1,370
Home School Assistance Program (HSAP)	39,013
At-Risk Programs	66,063
Returning Dropouts and Dropout Prevention	9,900
Four-Year-Old Preschool State Aid	39,774
FLEXIBILITY Account Excess HSAP	20,000
FLEXIBILITY Account Excess Professional Development	25,000
FLEXIBILITY Acct. Excess SW Voluntary Preschool	60,000
Teacher Salary Supplement	76,132
Iowa Early Intervention Block Grant	84,510
Successful Progression for Early Readers	77,459
Teacher Development Academies	4,107
Professional Development	136,171
Market Factor Incentives	3,049
Total	<u>\$ 642,548</u>

Note 12. Reconciliation of Governmental Fund Balances to Net Position

The following is the detailed reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position:

	Net investment in Capital Assets	Debt Service	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ -	153,385	1,881,212
Capital assets, net of accumulated depreciation/amortization	10,263,682	-	-
Revenue bond capitalized indebtedness	(1,225,000)	-	-
Energy loan capitalized indebtedness	(44,280)	-	-
Indebtedness from lease agreements	(197,768)	-	-
Unspent bond proceeds	-	-	-
Accrued interest payable	-	(14,674)	-
Income surtax	-	-	317,802
Internal Service Fund balance	-	-	88,007
Compensated absences	-	-	(53,152)
Pension related deferred outflows	-	-	736,644
Pension related deferred inflows	-	-	(215,258)
Net pension liability	-	-	(2,066,049)
Total OPEB liability	-	-	(729,414)
OPEB related deferred outflows	-	-	128,519
OPEB related deferred inflows	-	-	(399,442)
Net position (Exhibit A)	<u>\$ 8,796,634</u>	<u>138,711</u>	<u>(311,131)</u>

Note 13. Budget Over Expenditure

Per the Code of Iowa, expenditures may not exceed budgeted appropriates at the function level. During the year ended June 30, 2025, expenditures in the instruction and support services functional areas exceeded the amounts budgeted, as well as in total.

Note 14. Changes in Area Education Agency Funding

The Governor signed House File 2612 on March 27, 2024, which changes the percentage of educational and media services funding generated through local property taxes by Districts which flow through to each Area Education Agency (AEA) beginning July 1, 2024. For fiscal year 2026, 100% of the educational and media services funds generated by the Districts will be received directly by the District and none will flow through the AEAs. Also, for fiscal year 2026, Districts will flow through 90% (instead of 100%) of special education support services funds to AEAs, who will code the funds as a combination of state aid and property taxes.

Note 15. Adoption of New Accounting Standard

The District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the District's financial statements as a result of the implementation of this standard.

REQUIRED SUPPLEMENTARY INFORMATION

EAST MARSHALL 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, 2025

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 7,077,604	216,315	7,293,919	7,581,247	7,581,247	(287,328)
State sources	4,708,143	2,714	4,710,857	4,704,870	4,704,870	5,987
Federal sources	378,663	252,612	631,275	778,070	778,070	(146,795)
Total revenues	12,164,410	471,641	12,636,051	13,064,187	13,064,187	(428,136)
Expenditures/Expenses:						
Instruction	7,308,613	-	7,308,613	6,548,946	6,548,946	(759,667)
Support services	4,696,860	285	4,697,145	4,351,544	4,351,544	(345,601)
Non-instructional programs	2,005	432,227	434,232	471,655	471,655	37,423
Other expenditures	657,079	-	657,079	1,261,028	1,261,028	603,949
Total expenditures/expenses	12,664,557	432,512	13,097,069	12,633,173	12,633,173	(463,896)
Excess (Deficiency) of revenues over (under) expenditures/expenses	(500,147)	39,129	(461,018)	431,014	431,014	(892,032)
Other financing sources, net	9,694	-	9,694	4,261	4,261	5,433
Excess (Deficiency) of revenues and other financing sources over (under) expenditures/expenses	(490,453)	39,129	(451,324)	435,275	435,275	(886,599)
Balances beginning of year	9,096,286	630,495	9,726,781	8,805,622	8,805,622	921,159
Balances end of year	\$ 8,605,833	669,624	9,275,457	9,240,897	9,240,897	34,560

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2025

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 comparison 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 ended June 30, 2025, expenditures in the instruction and support services functional areas exceeded the amounts budgeted, as well as in total.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS*
REQUIRED SUPPLEMENTARY INFORMATION

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.058563%	0.058307%	0.064789%	0.025598%	0.065188%	0.070185%	0.074051%	0.077938%	0.082256%	0.084735%
District's proportionate share of the net pension liability	\$ 2,132,586	2,631,799	2,447,841	88,371	4,579,304	4,064,169	4,686,137	5,191,640	5,176,613	4,186,321
District's covered payroll	\$ 5,391,867	5,118,507	5,214,910	5,535,270	5,173,475	5,341,604	5,565,057	5,815,522	5,900,234	5,807,929
District's proportionate share of the net pension liability as a percentage of its covered payroll	39.55%	51.42%	46.94%	1.60%	88.52%	76.09%	84.21%	89.27%	87.74%	72.08%
IPERS' net position as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 542,590	509,279	483,187	492,287	522,530	488,376	504,247	496,960	519,519	527,136
Contributions in relation to the statutorily required contribution	(542,590)	(509,279)	(483,187)	(492,287)	(522,530)	(488,376)	(504,247)	(496,960)	(519,519)	(527,136)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 5,747,777	5,391,867	5,118,507	5,214,910	5,535,270	5,173,475	5,341,604	5,565,057	5,815,522	5,900,234
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2025

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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%.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST EIGHT YEARS
REQUIRED SUPPLEMENTARY INFORMATION

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 38,251	37,047	65,506	63,444	60,647	58,738	69,293	67,112
Interest cost	28,544	29,887	23,845	24,200	44,048	45,616	49,830	49,688
Changes in benefit terms		-	-	-	-	93,561	-	-
Differences between expected and actual experience	-	(107,873)	-	(209,529)	-	(81,777)	-	(36,617)
Changes in assumptions	-	(148,157)	-	103,005	-	(75,318)	-	164,890
Benefit payments	(109,877)	(99,995)	(100,609)	(111,926)	(145,359)	(156,768)	(110,458)	(119,623)
Net change in total OPEB liability	(43,082)	(289,091)	(11,258)	(130,806)	(40,664)	(115,948)	8,665	125,450
Total OPEB liability beginning of year	798,716	1,087,807	1,099,065	1,229,871	1,270,535	1,386,483	1,377,818	1,252,368
Total OPEB liability end of year	<u>\$ 755,634</u>	<u>798,716</u>	<u>1,087,807</u>	<u>1,099,065</u>	<u>1,229,871</u>	<u>1,270,535</u>	<u>1,386,483</u>	<u>1,377,818</u>
Covered-employee payroll	\$ 4,222,775	4,089,855	4,173,325	4,041,961	4,672,399	4,525,326	4,042,597	3,915,348
Total OPEB liability as a percentage of covered-employee payroll	17.89%	19.53%	26.07%	27.19%	26.32%	28.08%	34.30%	35.19%

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB LIABILITY
YEAR ENDED JUNE 30, 2025

No assets are accumulated in a 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.

Reported period ended June 30, 2025	3.65%
Reported period ended June 30, 2024	3.65%
Reporting period ended June 30, 2023	2.14%
Reporting period ended June 30, 2022	2.14%
Reporting period ended June 30, 2021	3.50%
Reporting period ended June 30, 2020	3.50%
Reporting period ended June 30, 2019	3.58%
Reporting period ended June 30, 2018	3.58%
Reporting period ended June 30, 2017	2.50%

SUPPLEMENTARY INFORMATION

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue			Debt Service	Total Nonmajor
	Student Activity	Public Education and Recreation Levy	Total		
Assets					
Cash and pooled investments	\$ 187,868	193,219	381,087	153,385	534,472
Receivables:					
Property tax:					
Delinquent	-	420	420	-	420
Succeeding year	-	46,585	46,585	-	46,585
Accounts	8,633	-	8,633	-	8,633
Total assets	\$ 196,501	240,224	436,725	153,385	590,110
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,210	2,200	4,410	-	4,410
Salaries and benefits payable	328	-	328	-	328
Total liabilities	2,538	2,200	4,738	-	4,738
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property taxes	-	46,585	46,585	-	46,585
Fund balances:					
Restricted for:					
Debt service	-	-	-	153,385	153,385
Student activities	193,963	-	193,963	-	193,963
Public education and recreation levy	-	191,439	191,439	-	191,439
Total fund balances	193,963	191,439	385,402	153,385	538,787
Total liabilities, deferred inflows of resources and fund balances	\$ 196,501	240,224	436,725	153,385	590,110

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SCHEDULE 2

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue			Debt Service	Total Nonmajor
	Student Activity	Public Education and Recreation Levy	Total		
Revenues:					
Local sources:					
Local tax	\$ -	45,298	45,298	-	45,298
Other	244,052	2,031	246,083	979	247,062
State sources	-	501	501	-	501
Total revenues	244,052	47,830	291,882	979	292,861
Expenditures:					
Current:					
Instruction:					
Other	238,015	-	238,015	-	238,015
Support services:					
Instructional staff	242	-	242	-	242
Administration	2,092	-	2,092	-	2,092
Operation and maintenance of plant	1,134	64,577	65,711	-	65,711
Non-instructional programs:					
Community service operations	-	2,005	2,005	-	2,005
Long-term debt:					
Principal	-	-	-	294,470	294,470
Interest and fiscal charges	-	-	-	41,926	41,926
Total expenditures	241,483	66,582	308,065	336,396	644,461
Excess (Deficiency) of revenues over (under) expenditures	2,569	(18,752)	(16,183)	(335,417)	(351,600)
Other financing sources:					
Transfer in	-	-	-	336,395	336,395
Change in fund balances	2,569	(18,752)	(16,183)	978	(15,205)
Fund balances beginning of year	191,394	210,191	401,585	152,407	553,992
Fund balances end of year	\$ 193,963	191,439	385,402	153,385	538,787

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND ACCOUNTS
JUNE 30, 2025

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Construction	Total
Assets				
Cash and pooled investments	\$ 2,020,599	520,944	7,705	2,549,248
Receivables:				
Property tax:				
Delinquent	-	3,111	-	3,111
Succeeding year	-	345,072	-	345,072
Due from other governments	70,949	-	-	70,949
Total assets	\$ 2,091,548	869,127	7,705	2,968,380
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 6,723	1,000	-	7,723
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	345,072	-	345,072
Fund balances:				
Restricted for:				
School infrastructure	2,084,825	-	7,705	2,092,530
Physical plant and equipment	-	523,055	-	523,055
Total fund balances	2,084,825	523,055	7,705	2,615,585
Total liabilities, deferred inflows of resources and fund balances	\$ 2,091,548	869,127	7,705	2,968,380

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND ACCOUNTS
YEAR ENDED JUNE 30, 2025

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Construction	Total
Revenues:				
Local sources:				
Local tax	\$ -	335,547	-	335,547
Other	24,111	4,654	78	28,843
State sources	676,557	3,709	-	680,266
Total revenues	700,668	343,910	78	1,044,656
Expenditures:				
Current:				
Instruction:				
Regular	86,994	-	-	86,994
Support services:				
Instructional staff	27,228	15,912	-	43,140
Administration	114,987	81,088	-	196,075
Operation and maintenance of plant	30,770	32,730	-	63,500
Transportation	58,620	-	-	58,620
Capital outlay	6,723	79,289	-	86,012
Total expenditures	325,322	209,019	-	534,341
Excess of revenues over expenditures	375,346	134,891	78	510,315
Other financing sources (uses):				
Insurance proceeds	-	555	-	555
Transfer out	(256,966)	(59,460)	-	(316,426)
Total other financing sources (uses)	(256,966)	(58,905)	-	(315,871)
Change in fund balances	118,380	75,986	78	194,444
Fund balances beginning of year	1,966,445	447,069	7,627	2,421,141
Fund balances end of year	\$ 2,084,825	523,055	7,705	2,615,585

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2025

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfer	Balance End of Year
Drama	\$ 15,162	710	4,355	-	11,517
HS Vocal	-	12,610	12,204	-	406
Spec MS Vocal	-	-	760	760	-
HS Band	-	-	2,090	2,090	-
Band	19,847	-	628	-	19,219
HS Band Resale	41	-	-	-	41
Spec MS Band	8,912	968	1,667	-	8,213
MS Band Resale	196	53	-	-	249
Athletics	23,009	14,449	23,900	31,861	45,419
Athletic Uniforms	-	5,000	15,307	10,307	-
Fundraising for Track Equipment	25,405	7,372	9,825	-	22,952
Spec MS Athletics	8,536	13,180	11,684	-	10,032
Cross Country	-	1,742	1,708	(34)	-
Golf	-	3,042	5,972	2,930	-
Boys Basketball	6,219	8,888	6,517	(8,590)	-
Football	-	18,172	19,539	1,367	-
Baseball	-	4,553	4,957	3,820	3,416
Boys Track	1,621	6,230	4,134	(3,717)	-
Wrestling	-	8,245	7,490	(755)	-
Girls Basketball	3,306	7,336	4,206	(6,436)	-
Volleyball	7,019	9,717	5,563	(11,173)	-
Softball	3,409	8,172	9,969	2,593	4,205
Girls Track	1,404	3,596	3,963	(937)	100
Interest	7,167	3,384	-	-	10,551
Middle School Fine Arts	17,028	-	-	-	17,028
MS Yearbook	-	1,500	1,784	284	-
MS Student Council	4,244	72	-	-	4,316
MS Activities	172	-	-	(172)	-
High School Fine Arts	612	-	-	-	612
Class of 2021	3,969	-	-	-	3,969
Class of 2022	4,638	-	-	-	4,638
Class of 2023	39	-	-	-	39
Class of 2024	3,445	-	39	-	3,406
Class of 2025	4,042	-	1,291	-	2,751
Class of 2026	100	12,040	9,524	-	2,616
HS Yearbook	-	8,490	10,095	1,755	150
Spec HS Arts	1,755	-	-	(1,755)	-
Silk Screening	418	36	825	371	-
Cheerleaders	2,071	3,786	2,690	-	3,167
FFA	4,209	9,852	9,259	-	4,802
National Honor Society	395	240	77	-	558
HS Student Council	3,004	921	834	500	3,591
Concessions	10,000	69,696	47,177	(26,519)	6,000
Categorical Aid Carryover	-	-	1,450	1,450	-
Total	\$ 191,394	244,052	241,483	-	193,963

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN PRIVATE PURPOSE TRUST FUND
SCHOLARSHIP ACCOUNTS
YEAR ENDED JUNE 30, 2025

Account	Net Position Beginning of Year	Additions	Deductions	Net Position End of Year
Blackburn Scholarship	\$ 32,047	87	-	32,134
Scholarship	236	-	-	236
Dunham Scholarship	3,620	10	-	3,630
Total	<u>\$ 35,903</u>	<u>97</u>	<u>-</u>	<u>36,000</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

SCHEDULE 7

**EAST MARSHALL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS**

	Modified Accrual Basis									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Local sources:										
Local tax	\$ 3,960,720	4,360,852	4,646,300	4,782,428	4,727,805	4,175,589	4,038,785	3,800,122	3,586,067	3,476,707
Tuition	2,442,663	1,419,657	2,397,309	2,041,099	2,068,940	1,973,707	2,003,597	2,218,715	2,434,293	2,451,996
Other	674,221	782,554	650,025	328,169	263,382	313,354	303,656	291,651	412,846	407,672
State sources	4,708,143	3,848,530	4,726,769	4,367,431	4,619,464	4,192,844	4,171,761	3,908,591	4,059,989	4,147,942
Federal sources	378,663	372,472	406,798	325,557	407,027	178,508	207,247	205,694	166,404	181,954
Total	\$ 12,164,410	10,784,065	12,827,201	11,844,684	12,086,618	10,834,002	10,725,046	10,424,773	10,659,599	10,666,271
Expenditures:										
Instruction:										
Regular	\$ 5,035,878	4,413,598	4,356,890	3,840,569	3,883,315	3,630,572	3,557,340	3,475,905	4,064,790	3,834,164
Special	1,056,835	689,665	681,038	860,860	841,474	1,067,401	1,052,168	1,273,870	1,214,440	1,186,219
Other	1,215,900	1,181,187	1,047,881	1,006,637	795,176	721,599	850,993	985,525	1,040,872	1,055,502
Support services:										
Student	531,426	491,096	515,770	462,070	480,328	458,939	453,096	454,357	441,139	413,364
Instructional staff	617,172	564,783	525,265	460,600	446,165	402,600	621,862	490,575	269,095	281,595
Administration	1,564,752	1,167,023	1,161,054	1,143,195	1,138,063	1,064,993	1,035,842	1,084,502	1,124,167	1,145,715
Operation and maintenance of plant	1,333,353	1,244,498	990,062	890,462	900,072	848,407	877,085	876,368	857,363	894,427
Transportation	650,157	634,248	835,402	600,884	846,294	484,771	626,633	592,862	578,402	611,190
Non-instructional programs	2,005	2,485	2,478	2,289	2,490	4,546	3,036	9,416	9,992	7,280
Capital outlay	86,012	466,712	45,803	189,824	904,311	93,183	48,732	119,562	1,940,482	1,327,139
Long-term debt:										
Principal	294,470	259,354	783,809	738,575	883,345	604,865	593,487	582,135	542,980	476,189
Interest	41,926	42,675	56,547	72,600	91,484	102,924	113,292	122,660	118,136	66,863
Other expenditures:										
AEA flowthrough	234,671	266,868	278,446	282,263	283,230	273,568	272,217	270,236	265,486	272,126
Total	\$ 12,664,557	11,424,192	11,280,445	10,550,828	11,495,747	9,758,368	10,105,783	10,337,973	12,467,344	11,571,773

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**EAST MARSHALL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

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	FY25	\$ 35,788
National School Lunch Program	10.555	FY25	216,824 *
Total - Child Nutrition Cluster			<u>252,612 **</u>
Total U.S. Department of Agriculture			<u>252,612</u>
U.S. Department of the Treasury:			
Passed through Iowa Department of Homeland Security and Emergency Management:			
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	FY25	<u>150,000</u>
U.S. Department of Energy:			
Iowa Department of Administrative Services:			
State Energy Program	81.041	FY12	<u>44,280</u>
U.S. Department of Education:			
Passed Through Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY25	<u>84,512</u>
Supporting Effective Instruction State Grants	84.367	FY25	<u>16,273</u>
Student Support and Academic Enrichment Program	84.424	FY25	<u>8,800</u>
Education Stabilization Fund:			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	FY25	<u>225,012 ****</u>
Passed Through Central Rivers Area Education Agency:			
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	FY25	<u>23,983 ***</u>
Career and Technical Education - Basic Grants to States	84.048	FY25	<u>4,093</u>
Passed Through Marshalltown Community School District:			
Education Stabilization Fund: COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	FY25	<u>13,111 ****</u>
Total U.S. Department of Education			<u>375,784</u>
Total			<u>\$ 822,676</u>

* - Includes \$41,988 of non-cash awards.

** - Total for Child Nutrition Cluster is \$252,612.

*** - Total for Special Education Cluster (IDEA) is \$23,983.

**** - Total Education Stabilization Fund (84.425) is \$238,123.

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of East Marshall Community School District under programs of the federal government for the year ended June 30, 2025. The information on 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 selected portion of the operations of East Marshall Community School District, it is not intended to and does not represent the financial position, changes in financial position or cash flows of East Marshall 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 allowed or are limited as to reimbursement.

Subrecipients - No federal expenditures presented in this schedule were provided to subrecipients.

Indirect Cost Rate - East Marshall Community School District did not elect to use 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 East Marshall 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 East Marshall Community School District as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Marshall 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 East Marshall Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Marshall 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Marshall 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, 2025 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.

East Marshall Community School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedure on East Marshall Community School District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. East Marshall 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 East Marshall 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 18, 2026
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 East Marshall Community School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Marshall 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 East Marshall Community School District's major federal programs for the year ended June 30, 2025. East Marshall Community School District's major federal programs are identified in the summary of auditor's results section of the Schedule of Findings and Questioned Costs.

In our opinion, East Marshall 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, 2025.

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 East Marshall 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 East Marshall 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 East Marshall 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 East Marshall 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 East Marshall 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 East Marshall 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 East Marshall 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 East Marshall 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002 to be a material weakness.

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.

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

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

A handwritten signature in black ink, appearing to read "Nolte, Cornman & Johnson PC". The signature is stylized and cursive.

NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2026
Newton, Iowa

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements. No significant deficiencies were reported.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were 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 10.553 - School Breakfast Program
 - Assistance Listing Number 10.555 - National School Lunch Program
 - Assistance Listing Number 21.027 - Coronavirus State and Local Fiscal Recovery Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) East Marshall Community School District did not qualify as a low-risk auditee.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

2025-001 Segregation of Duties

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

Condition - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over one or more of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions, handling and recording.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Capital assets - purchasing, recording, and reconciling.
- 4) Receipts - collecting, recording, depositing and posting.
- 5) Inventories - ordering, receiving, issuing and storing.
- 6) Journal entries - writing, posting and approving.
- 7) Payroll - recording approved pay rates and deductions, recordkeeping, preparation and posting.

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

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

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

Response and Corrective Action Planned - The district acknowledges this finding. East Marshall operates with a small administrative and financial staff but we will continue to have segregation of duties as a priority.

Conclusion - Response accepted.

EAST MARSHALL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

Assistance Listing Number 10.553: School Breakfast Program
Assistance Listing Number 10.555: National School Lunch Program
Pass-Through Entity Identifying Number: FY25
Federal Award Year: 2025
Prior Year Finding Number: N/A
U.S. Department of Agriculture
Passed through the Iowa Department of Education

Assistance Listing Number 21.027: Coronavirus State and Local Fiscal Recovery Fund
Pass-Through Entity Identifying Number: FY25
Federal Award Year: 2025
Prior Year Finding Number: N/A
U.S. Department of the Treasury
Passed through the Iowa Department of Education

2025-002 Segregation of Duties

One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one individual has control over portions of one or more of the following areas for the District relating to major federal programs; cash, capital assets, receipts, inventories, journal entries and payroll. See finding 2025-001.

Part IV: Other Findings Related to Required Statutory Reporting:

2025-A Certified Budget - Expenditures for the year ended June 30, 2025 exceeded the certified budget amounts in the instruction and support services functional areas, as well as in total.

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 acknowledges that expenditures in the instruction and support services areas exceeded the certified budget amounts for the FY. The district will follow Chapter 24.9 of the Iowa Code and work through budget amendments within the Code of Iowa specified procedures.

Conclusion - Response accepted.

2025-B Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2025-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. However, we noted instances of employee reimbursements for mileage below the amount established by Board policy #401.07.

Recommendation - The District should review procedures and implement necessary changes to ensure the mileage reimbursement rate approved by Board policy #401.07 is applied when calculating employee travel reimbursements.

- 2025-D Business Transactions - Business transactions between the District and District officials or employees are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Ashley Grabenbauer, HS Secretary Brother does Snow Removal for District	Services	\$2,485

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions with the relatives of a District Board Member does not appear to represent a conflict of interest.

- 2025-E Restricted Donor Activity - No transactions were noted between the District, District officials or employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

- 2025-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.

- 2025-G Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the District failed to hold a separate meeting for the FY26 Proposed Property Tax Levy public hearing as required by Chapter 24.2A.(4)(a).

Recommendation - The District should hold a separate meeting for the Proposed Property Tax Levy public hearing in accordance with Chapter 24.2A. (4)(a).

Response - The district acknowledges that the proposed property tax levy public hearing was not held as a separate meeting. The hearing was conducted in conjunction with another board meeting rather than as a separate meeting/hearing. This was a procedural error. The district will follow Chapter 24.2A and hold separate meetings for the Proposed Property Tax Levy hearings.

Conclusion – Response accepted.

- 2025-H Certified Enrollment - We noted the certified enrollment data certified to the Iowa Department of Education was overstated by 1.00 student.

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.

- 2025-I Supplementary Weighting - We noted the supplementary weighting data certified to the Iowa Department of Education was overstated by 0.103.

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.

- 2025-J Deposits and Investments - 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.
- 2025-K Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education, and we noted no significant deficiencies in amounts reported.
- 2025-L Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
- 2025-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, 2025, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	1,966,445
Revenues:			
Sales tax revenues	\$	676,557	
Other local revenues		<u>24,111</u>	<u>700,668</u>
Expenditures/transfers out:			
School infrastructure construction		6,723	
Equipment		201,327	
Other		117,272	
Transfer to the Debt Service Fund		<u>256,966</u>	<u>582,288</u>
Ending balance			<u><u>\$ 2,084,825</u></u>

For the year ended June 30, 2025, the District did not reduce any levies as a result of monies received under Chapter 423E or 423F of the Code of Iowa.

APPENDIX E – FORM OF ISSUE PRICE CERTIFICATES

EXHIBIT A

EAST MARSHALL COMMUNITY SCHOOL DISTRICT, IOWA \$19,800,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2026

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. Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
 - b. As set forth in the Terms of Offering, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.
3. Defined Terms.
 - a. General Rule Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."
 - b. Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."
 - c. Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (April 22, 2026), or (ii) the date on which Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
 - d. Issuer means East Marshall Community School District.
 - e. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
 - f. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - g. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 15, 2026.
 - h. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

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

[UNDERWRITER]

By: _____

Name: _____

Dated: June 4, 2026

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
EAST MARSHALL COMMUNITY SCHOOL DISTRICT, IOWA
\$19,800,000 GENERAL OBLIGATION SCHOOL BONDS, SERIES 2026

ISSUE PRICE CERTIFICATE

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

1. Reasonably Expected Initial Offering Price.
 - a. As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Purchaser to purchase the Bonds.
 - b. Purchaser was not given the opportunity to review other bids prior to submitting its bid.
 - c. The bid submitted by Purchaser constituted a firm offer to purchase the Bonds.
2. Defined Terms.
 - a. Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
 - b. Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
 - c. Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 15, 2026.
 - d. Underwriter means (i) the Purchaser or any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents 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: June 4, 2026

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)